



**STATE OF TENNESSEE
TENNESSEE DEPARTMENT OF TREASURY**

**REQUEST FOR PROPOSALS
FOR
STATE CASH MANAGEMENT AND BANKING SERVICES**

RFP # 30901-56624

RFP CONTENTS

SECTIONS:

- 1. INTRODUCTION**
- 2. RFP SCHEDULE OF EVENTS**
- 3. RESPONSE REQUIREMENTS**
- 4. GENERAL CONTRACTING INFORMATION & REQUIREMENTS**
- 5. EVALUATION & CONTRACT AWARD**

ATTACHMENTS:

- 6.1. Response Statement of Certifications & Assurances**
- 6.2. Technical Response & Evaluation Guide**
- 6.3. Cost Proposal & Scoring Guide**
- 6.4. Score Summary Matrix**
- 6.5. *Pro Forma* Contract**
- 6.6. Schedule of Wire Transfer Activity**
- 6.7. Schedule of In-Clearing Cash Letter Activity**
- 6.8. Schedule of ACH Activity**
- 6.9. Schedule of ICL Deposit and Return Activity**
- 6.10. Schedule of Custody and Trading Activity**
- 6.11. Schedule of Special Investment Balance Variability**
- 6.12. Example Operating Procedures**
- 6.13. Schedule of ATM Volumes**

1. INTRODUCTION

The State of Tennessee, Treasury Department, hereinafter referred to as “the State,” issues this Request for Proposals (RFP) to define minimum contract requirements; solicit responses; detail response requirements; and, outline the State’s process for evaluating responses and selecting a contractor to provide the needed goods or services.

Through this RFP, the State seeks to procure necessary goods or services at the most favorable, competitive prices and to give ALL qualified respondents, including those that are owned by minorities, women, service-disabled veterans, persons with disabilities and small business enterprises, an opportunity to do business with the state as contractors, subcontractors or suppliers.

1.1. Statement of Procurement Purpose

The State intends to secure two (2) contracts for multiple banking, treasury management and custody services relative to the State Treasurer’s responsibility for securing public funds, coordinating the banking activities for the State, and managing the State Pooled Investment Fund (SPIF). The services requested include account level services; incoming and outgoing wire transfer services; Automated Clearing House (ACH) origination, receipt, and settlement services; State of Tennessee check in-clearing settlement, adjustment and service fee billing from the Federal Reserve Bank (FRB); Image Cash Letter (ICL) deposit services, return cash letter; investment custody account services for securities and investments clearing through Federal Reserve Book Entry and the Depository Trust Company (DTC); an overnight cash investment account; Alternative Payment consulting and implementation services; ATM and restricted check cashing services; and limited storage of gold and other precious metals.

The services requested in this RFP will be split between the top two ranked Respondents. The purpose of this service split is to provide the State with risk mitigation and redundancy in cash management and banking services if the State determines it necessary to transition one or more services from one bank to the other due to a service disruption or other event. The details of the services split are defined below. However, it is important that Respondents can provide ALL services if the State determines to transition services during the term of the contract.

- 1.1.1. **Relevant Background** – The information in the following sections provide additional background information relative to the approach, scope and volume of the services requested in RFP Attachment 6.5. *Pro Forma* Contract, including internal processing, operations, and accounting requirements. In addition to the information, relevant activity schedules are provided in RFP Attachments 6.6 – 6.12. Each of the applicable services are described below. **It is the State’s expectation that services will be transitioned to the successful respondents 90 days from the effective date of the contract, or later at the sole discretion of the State. Services the State believes will require extended implementation time will be indicated in the descriptions below; provided that in no event will that transition be longer than 12 months from the effective date of the contract unless otherwise determined by the State. In no event will a service be transitioned to a successful respondent until such time as the State and the successful respondent have agreed upon and signed the operating procedures for that service as described in Section A.2 of the *Pro Forma* Contract (RFP Attachment 6.5).**

All times of day referred to throughout this RFP shall be Central Standard or Daylight Savings Time, as applicable.

1.1.2. Automated Clearing House (ACH) Origination

- 1.1.2.1. **ACH Originations** - The State receives NACHA formatted origination files from 6 different state agencies and 4 third party vendors. These files will be delivered to the bank by the State in a manner that is centrally controlled at the State by the Treasury Department, and in accordance with delivery procedures developed by the State and the successful Respondent and included in the agreed upon written Operating Procedures (see RFP Attachment 6.12 Example Operating Procedures). The State needs to

retain the ability to track and monitor Origination files, reconcile the State's Origination activity as it is occurring, and balance the settlement of the Origination activity daily.

- 1.1.2.2. **ACH Origination Distributions to Bank** - The current normal distribution windows for ACH Origination files to the Bank are at approximately 12:30 p.m. and 2:45 p.m. On occasion, an additional distribution to the Bank is necessary to accommodate the late arrival of files. The State's ACH origination activity is typically distributed to the Bank by the last normal distribution time of approximately 4:00 p.m., and most of the State's ACH origination batches carry a next-day effective date, except for main payrolls which are distributed up to 5 business days in advance of settlement. The State needs the ability, in the event of a technical problem or other delay, to distribute files to the Bank as late as possible into the evening, to obtain a next-day settlement of the entries. The detailed procedures relative to these processes will be developed by the State and the successful Respondent and included in the agreed upon written Operating Procedures (see RFP Attachment 6.12 Example Operating Procedures).
- 1.1.2.3. **ACH Origination Settlement & Return Entries** - The State prefers that the ACH origination and return activity settle to the State's main treasury services or settlement account, as defined in RFP Attachment 6.5 *Pro Forma* Contract, Section A.5.a., with the Bank by posting totals of debit and credit entries at the Company Batch level. The State currently receives returned ACH origination entries and notifications of change (NOC) on a single daily consolidated file, typically before 6:00 a.m., from the Bank in NACHA format. In addition, the Bank will provide distribution files for various state agencies as defined by the State. The detailed procedures relative to these processes will be developed by the State and the successful Respondent and included in the agreed upon written operating procedures (see RFP Attachment 6.12 Example Operating Procedures).
- 1.1.2.4. **E-Payment Routing Directory** - The State currently receives an E-Payment Routing Directory from its Bank at the end of each month. This file is used by various State applications to validate ACH routing numbers. The State prefers to continue to receive the E-Payments Routing Directory at least monthly from its Bank to maintain a current version of its ACH Financial Institution table.
- 1.1.2.5. **Origination History** - Currently, the State receives origination files from 6 different state agencies and 4 third party vendors. These agencies or vendors create 50 different ACH originations that could be processed on any day. Transaction volume and daily settlement activity relating to State ACH Origination is presented in RFP Attachment 6.8 ACH Activity.
- 1.1.2.6. **ACH Origination Returns** - The State intends to receive ACH Origination returns from the Bank on separate distribution files for each originator agency of the State. Additionally, the State desires a consolidated file of all returns.
- 1.1.2.7. **ACH Origination Management** – The State will work with the successful Respondent to receive or develop, as needed, reports specific to our ACH operations. The purpose for this is to assist the State in reconciling, tracking, and managing the volume of payments made through ACH to ensure all payments are made securely, timely, and accurately. Additionally, from time to time the State will make changes to various systems that may impact the production of ACH Origination files, e.g., an agency benefit system upgrade or new file delivery method. When these events occur, the State requires full cycle testing with the Bank that is offline from the production systems. The detailed procedures relative to these processes will be developed by the State and the successful Respondent and included in the agreed upon written operating procedures (see RFP Attachment 6.12 Example Operating Procedures).
- 1.1.3. **Automated Clearing House (ACH) Receipts**
 - 1.1.3.1. **ACH Receipts** - The State currently receives ACH debit and credit receipt entries through a Routing Number that has been registered by the Routing Number Board to the State of Tennessee's current ACH Receiving Bank. The Routing Number Board permits this routing number to be transferred to another financial institution as needed by the State, for its exclusive use in receiving ACH at its designated ACH Receiving Financial Institution.

1.1.3.2. **Use of State's Designated ACH Routing Number** - This designated ACH routing number referred to above will be transferred to the winning Respondent upon the commencement of ACH Receipts processing and settlement. **The winning Respondent will be required to register the State's designated ACH routing number under its financial institution with the Routing Number Administrative Board for the duration of the contract and the Respondent agrees to the transfer of the ACH Routing Number to the State's successor Bank at the conclusion of the contract.**

1.1.3.3. **Transition Requirements** - In the event of transition of ACH Receipt services pursuant to this RFP, the successor financial institution will be responsible for requesting the Routing Number Board transfer the registration of the State's designated ACH routing number to its financial institution and designating the processing and settlement of ACH activity on this routing number with the FRB and other applicable ACH processors.

1.1.3.4. **State Assigned ACH DFI Account Numbers** - The State has assigned its own DFI account numbers under the RDFI Number above to State agencies for their use in receiving their ACH entries, enabling the State to identify, segregate, report, and allocate the entries. The unique DFI account numbers enable proper accounting and routing of the entries to agencies. **The State DOES NOT intend to convert these current DFI account numbers to new account numbers. These DFI account numbers and the ACH routing number will be transferred to the winning Respondent.** The State intends to continue receiving ACH entries through multiple DFI account numbers as described above. The detailed procedures relative to these processes will be developed by the State and the successful Respondent and included in the agreed upon written Operating Procedures (see RFP Attachment 6.12 Example Operating Procedures).

The State currently receives ACH receipts entries on a single daily consolidated file, in NACHA format from the Bank, typically before 6:00 a.m. The State will consider options for processing multiple files during the day. The State's internal ACH repository is currently configured to perform special processing and output distribution of entries received based upon the first 3 positions of the DFI account number. The daily ACH receipts received through this designated RDFI Number are posted to the State's Settlement Account with the Bank at the **file total debit and credit amounts**.

1.1.3.5. **ACH Receipts History** – Transaction volumes relating to the State's ACH receipts activity are presented in RFP Attachment 6.8 Schedule of ACH Activity

1.1.3.6. **Transition Exemption** – The timeline for transition of ACH receipts will be determined by the State following initial discussions with the successful Respondent and is exempt from the 90-day standard described in Section 1.1.1 above.

1.1.4. **Custodial Services**

1.1.4.1. The State is responsible for the day-to-day investment of several short and intermediate-term investment funds. Each of the funds will need separate custody accounts and subaccounts in the name of the State. Additionally, at the State's request, the Bank shall establish and maintain additional accounts in the name of the State as may be necessary for any future State investment programs. Each account will need daily and monthly detail and summary reporting. All trading for these accounts is performed by State staff in conjunction with our various broker relationships and is complete by 10:30 a.m. on most days. Currently, the State creates a PDF of the arranged trades using the State's internal cash management system (known as TIM), and emails the PDF copy to the Bank. A brief description of each of the accounts is listed in Sections 1.1.4.4 through Section 1.1.4.6 below. The State would like to work toward an automated trade order process or interface from our trade order management system for our daily trading activity. The State would prefer a SWIFT based solution if available. Implementation of the preferred SWIFT process would be outside the standard 90-day implementation window described in Section 1.1.1 above, however transition of the current process would be expected to occur within the 90-day standard implementation window.

1.1.4.2. The State expects the successful respondent to provide for the settlement of our trade orders through the DTC as well as the FRB service desk for Fed Book Entry items. Additionally, we expect that the

successful Respondent will facilitate funding for the State's trade orders utilizing the main settlement account, as defined in RFP Attachment 6.5 *Pro Forma Contract*, Section A.5.a., and the State will NOT be responsible for directing the movement of funds for this purpose. The detailed procedures relative to these processes will be developed by the State and the successful Respondent and included in the agreed upon written Operating Procedures (see RFP Attachment 6.12 Example Operating Procedures).

- 1.1.4.3. The State would require a full slate of custody services including trade processing, settlement, daily and monthly reporting, forecasting, compliance notification and reporting, accrual accounting and performance reporting. At the State's option, in lieu of compliance, accounting and performance reporting, the State may require a daily activity interface with another custodian bank. The detailed procedures relative to these services will be developed by the State and the successful Respondent and included in the agreed upon written Operating Procedures (see RFP Attachment 6.12 Example Operating Procedures).
- 1.1.4.4. **State Pooled Investment Fund (SPIF)** - The SPIF is invested in US government and agency securities, repurchase agreements, and the commercial paper of a limited number of issuers. Therefore, the SPIF will require custody services provided through the DTC as well as FRB custody services for Fed book entry items. The SPIF operates as a stable-dollar fund in accordance with GASB 79. The fund is very liquid with securities maturing each business day to cover the demands of participants in the SPIF, including the State of Tennessee. Because the daily needs of the State are paid from maturing securities, the State requires contractual settlement of securities and immediate funds availability each morning. In the event of a failed trade the State will make the bank whole the following business day. Transaction volumes relating to the State's investment trading activity are presented in RFP Attachment 6.10 Schedule of Custody and Trading Activity.
- 1.1.4.5. **Intermediate Term Investment Fund (ITIF)** - The ITIF is a longer duration investment option open to most participants of the SPIF. The fund invests in US government and agency securities with a maximum duration of five years or less and has limited activity and moderate withdrawal restrictions.
- 1.1.4.6. **Agency Specific Investment (ASI)** – State agencies are allowed by State law to invest long term assets not needed for immediate liquidity. The State Treasurer will work with each agency to develop investment policies to meet their specific liquidity, risk, and return needs. Currently, the Tennessee Wildlife Resources Agency (TWRA) is the only agency utilizing this investment option. The TWRA invests in US government and agency securities including mortgage-backed securities.
- 1.1.5. **Special Investment Account**
 - 1.1.5.1. **State Pooled Investment Fund (SPIF)** – The State makes every effort to have all cash invested at all times. Therefore, to maintain liquidity and remain invested, the State requires an account in which to invest funds that would be accessible at any time during business hours that would earn a comparable market rate of interest. The amount invested will be relatively stable but could range from \$0 to a contractual maximum amount of \$300,000,000. The State would favorably consider a higher contractual maximum amount.

It is the intent of the State to fund all daily obligations with maturities from investments since the State has a repetitive, predictable, and cyclical need for cash to pay its obligations. Further information on this is available in RFP Attachment 6.11 Schedule of Special Investment Balance Variability. The State's intent is to maintain the account balance at or near the contractual maximum amount value in order to achieve an investment return while having access to the account balance for emergency liquidity in the event of unexpected late day withdrawals. The State has policies and practices which discourage late day withdrawals. These factors reduce the risk that this account will be needed for emergency liquidity and therefore would be continuously available to offset intra-day or overnight liquidity risk to both the State and the Bank.

While the State may have a need to maintain amounts in this account greater than the contractual maximum amount, such amounts over the contractual maximum amount will not be subject to the earnings rate proposed for this special investment account. The State will make a daily decision to transfer such amounts greater than the contractual maximum amount to an outside investment, to

transfer funds to another investment account with the Bank, or upon agreement between the State and the Bank, to retain the funds in the special investment account where they would receive earnings at the proposed contract earnings rate.

The State would prefer the balance remaining in the main treasury services or settlement account to receive this special investment rate for simplicity. However, a sweep account would be acceptable to the State if all funds were returned automatically to the main operating account each morning. The balance in the account(s) would be considered public deposits for collateral purposes. The State would prefer a rate indexed to the Federal Reserve Target Range to be paid monthly. The detailed procedures relative to these processes will be developed by the State and the successful Respondent and included in the agreed upon written Operating Procedures (see RFP Attachment 6.12 Example Operating Procedures).

1.1.6. **Wire Transfer Services**

- 1.1.6.1. **Outgoing Wire Transfers** – The State initiates domestic wire transfers daily utilizing an interface file which is transmitted to the Bank containing multiple wire transfers. International wire transfers are executed individually through the current vendor bank's online portal. The State prefers that all wire transfer activity settle to the main treasury services or settlement account, as defined in the RFP Attachment 6.5 *Pro Forma Contract*, Section A.5.a., with each wire transfer posting individually. The detailed procedures related to these processes will be developed by the State and the successful Respondent and included in the agreed upon written Operating Procedures (see RFP Attachment 6.12 Example Operating Procedures).

The current domestic wire transfer process utilizes a custom format for these transfers. However, the State desires to move to an interface using the ISO20022 model, to include both domestic and international wire transfers. As a result, it is the State's intent to work with the successful respondent to develop the ISO20022 standard interface. Wire transfer services will remain with the current vendor until the State 1) implements processes for delivery and receipt using an ISO20022 model with the successful Respondent, 2) tests such delivery processes with the successful Respondent and 3) develops the written operating procedures for wire transfer services with the successful Respondent.

- 1.1.6.2. **Transition Exemption** – The timeline for transition of Wire Transfer Services will be determined by the State following initial discussions with the Successful Respondent and is exempt from the 90-day standard described in Section 1.1.1 above.
- 1.1.6.3. **Incoming Wire Transfers** – The State receives wire transfers daily. The State prefers that all wire transfer activity settle to the main settlement account with each wire transfer posting individually.
- 1.1.6.4. **Wire Transfer Activity** – The State requires that all wire transfer activity, both outgoing and incoming, be transmitted periodically throughout the day to the State via an interface file in an agreed upon format. This activity file will be utilized in reconciliation of daily cash activity. Transaction volumes relating to the State's wire transfer activity are presented in RFP Attachment 6.6 Schedule of Wire Transfer Activity.

1.1.7. **State of Tennessee In-clearing Items and Related FRB Services**

- 1.1.7.1. **Presentment and Settlement Point** – The successful Respondent will become the designated presentment and settlement point for checks issued by the State. Therefore, cash letters, returns, adjustments and related service fee charges from the FRB will settle against the successful Respondent's FRB account and should be funded from and/or settled to the State's main treasury services or settlement account, as defined in the RFP Attachment 6.5 *Pro Forma Contract*, Section A.5.a. The successful Respondent and the State will execute the FRB Check 21 Services Agreement and the Check 21 Agency Agreement forms along with any other forms required by the FRB for the successful Respondent to act as the State's agent for processing and settlement of the State's checks. The successful Respondent will agree to comply with the applicable provisions of the FRB Operating Circular 3 and its appendices, as may be amended from time to time. The detailed procedures related to In-clearing and Related FRB Services will be developed by the State and the successful Respondent and included in the agreed upon written Operating Procedures (see RFP Attachment 6.12 Example Operating Procedures).

- 1.1.7.2. **Use of State's Designated FRB Routing Number** – The State does not have an account with the FRB. However, the State issues checks under a separate Routing Number registered to the State by the Routing Number Board with bank account numbers assigned by the State. The State has assigned eight (8) accounts under this TR number. It is the intent of the State to continue to use this existing routing transit number and existing bank account numbers to track checks issued, settled and the ultimate reconciliation of these items.
- 1.1.7.3. **Positive Pay Processing File Interface** – The State will provide daily issue and cancel files to the successful Respondent for each of the eight (8) check issuing accounts assigned by the State. The State intends the successful Respondent to perform positive pay processing and present exceptions to the State for processing decisions. The successful Respondent will provide daily paid interface files to the State for the State's reconciliation purposes.
- 1.1.7.4. **Check Image File** – The successful Respondent will provide a check 21 image file to the State for all paid items. The State will use the file to update our internal image repository.
- 1.1.7.5. **Transition Exemption** – The timeline for transition of in-clearing items will be determined by the State following initial discussions with the successful Respondent and is exempt from the 90-day standard described in Section 1.1.1 above.
- 1.1.8. **Image Cash Letter (ICL) Deposit Services**
- 1.1.8.1. **Background** – The State accepts and receives checks for payment of taxes, fees, and services at various agency mail-in and over-the-counter locations across the State of Tennessee as well as centralized remittance processing sites operated by agencies or their third-party contractors. These agencies use either a front-end cashiering module at decentralized sites or a third-party contractor's remittance processing system to create an ICL file. The State currently has three (3) separate bank accounts for the ICL Files remitted by the agencies described in Sections 1.1.8.2 through 1.1.8.4 below. The detailed procedures related to ICL Deposit Services will be developed by the State and the successful Respondent and included in the agreed upon written Operating Procedures (see RFP Attachment 6.12 Example Operating Procedures).
- 1.1.8.2. **Department of Human Services** – Through its contract with Systems and Methods, Inc. (SMI), the Department of Human Services, Child Support Division Operates a central remittance processing site that currently sends daily Check 21 files to the bank.
- 1.1.8.3. **Department of Revenue** – The Department of Revenue works with two software vendors that produce daily in-house ICL files for the Department's various revenue collections and processing.
- 1.1.8.4. **Consolidated ICL File All Other Agencies** – A consolidated ICL file from the iNovah Cashiering application (System Innovators application connected to the State's ERP system), in ASC ANSI x9.37 standard format, is sent from the State to the bank multiple times per day. Transaction volumes relating to the State's ICL Deposit activity are presented in RFP Attachment 6.9 Schedule of ICL Deposit and Return Activity.
- 1.1.9. **Alternative Payments**
- 1.1.9.1. **Consulting and Implementation Services** – The State intends to pursue options relative to faster payments during this contract period. The successful Respondent must provide consulting services for the State on the best alternatives available to meet the State's specific needs.

The State does not intend to commence processing faster payment services until 1) the State reviews and understands all available alternatives, 2) an alternative for faster payment solutions has been selected, developed, tested, and implemented between the State and the successful Respondent, 3) the State and the successful Respondent mutually agree on the appropriate cost structure applicable to this service, and 4) written operating procedures have been agreed upon and signed.

- 1.1.9.2. **Transition Exemption** – The timeline for transition of Alternative Payments will be determined by the State following the conclusion of the consulting services with the successful Respondent and is exempt from the 90-day standard described in Section 1.1.1 above.

1.1.10. **Other Services**

Storage of Gold and Other Precious Metals – Should the State decide to purchase gold or other precious metals, the State expects the successful Respondent to store the same on behalf of the State in a vault within the Respondent's banking facilities in accordance with accepted industry standards for secure storage, and within the geographical boundaries of the State of Tennessee. The gold or other precious metals must be physically segregated from the other assets custodied at the Respondent.

- 1.1.10.1. **Restricted Check Cashing and Automated Teller Machine (ATM) Services** – The State Treasurer has historically provided check cashing services for members of the General Assembly and certain other State Officials who need access to such services as they travel from home districts to Nashville in fulfillment of their official duties. The State currently maintains a \$30,000 cash balance in a State petty cash account at the Bank at one specific branch adjacent to the General Assembly offices at the Cordell Hull Building in Nashville. The Bank is supplied with a list of authorized State employees who may request a check to be cashed at any time. The State Treasurer's Office is responsible for maintaining this authorized list of users. The check cashing service is only authorized at a specific branch of the successful Respondent and limited to employees that are on the authorized list. The checks must either be an issued State of Tennessee check or a personal check. No third-party checks will be cashed.

- 1.1.10.2. Additionally, the successful Respondent will provide an automated solution for cash dispensing services such as an ATM or kiosk to be located in the General Assembly office building and in the State Capitol. These services are to be provided at no cost to the authorized individuals or the State. The State may at its discretion work with the successful Respondent to implement other cash dispensing services that are cost neutral for the State as well as the successful Respondent.

The detailed procedures related to Other Services will be developed by the State and the successful Respondent and included in the agreed upon written Operating Procedures (see RFP Attachment 6.12 Example Operating Procedures). Transaction volumes relating to ATM activity are presented in RFP Attachment 6.13 Schedule of ATM Activity.

1.1.11. **Risk Mitigation and Redundancy**

- 1.1.11.1. **Service Delineation** – It is the State's intent to divide the services listed above between the two top rated Respondents. The purpose for splitting the services detailed in a single RFP is to define the necessary interaction between the State and the two successful Respondents, as well as the responsibilities of planning for and transition of services between the two successful Respondents.
- 1.1.11.2. **Duplication of Services** – Certain services will be necessary to maintain with both successful Respondents to facilitate the operation of those services in addition to facilitating the State's need to manage the cash flow between two operating banks. Therefore, the services described in Sections 1.1.11.2.1 and 1.1.11.2.2 will be implemented and operated at both successful Respondents throughout the term of the contract.
- 1.1.11.2.1. **Treasury Management Account Level Services** – This includes the State's main treasury services or settlement account, as defined in the RFP Attachment 6.5 *Pro Forma Contract*, Section A.5.a. as well as any other accounts necessary to perform the services awarded pursuant to this RFP.
- 1.1.11.2.2. **Special Investment Account** as described in Section 1.1.5 above.
- 1.1.11.3. **Concentration Bank** - The State has determined to reference the Bank performing the following services described in Sections 1.1.11.3.1 through 1.1.11.3.5 as the Concentration Bank.

- 1.1.11.3.1. **Automated Clearing House (ACH) Receipts** as described above in Section 1.1.3.
- 1.1.11.3.2. **Wire Transfer Services** as described above in Section 1.1.6.
- 1.1.11.3.3. **State of Tennessee In-clearing Items and Related FRB Services** as described above in Section 1.1.7.
- 1.1.11.3.4. **Image Cash Letter (ICL) Deposit Services** as described above in Section 1.1.8.
- 1.1.11.3.5. **Restricted Check Cashing and Automated Teller Machine (ATM) Services** as described above in Section 1.1.10.2
- 1.1.11.4. **Distribution Bank** – The State has determined to reference the bank performing the following services described in Sections 1.1.11.4.1 through 1.1.11.4.5 as the Distribution Bank.
 - 1.1.11.4.1. **Automated Clearing House (ACH) Origination** as described above in Section 1.1.2.
 - 1.1.11.4.2. **Custodial Services** as described above in Section 1.1.4.
 - 1.1.11.4.3. **Alternative Payments** as described above in Section 1.1.9.
 - 1.1.11.4.4. **Storage of Gold and Other Precious Metals** as described above in Section 1.1.10.1.
 - 1.1.11.4.5. **Limited Wire Transfer Services** for daily net settlement purposes with the Concentration Bank defined above.
- 1.1.11.5. **Annual Redundancy Planning, Testing and Transition** – The State intends to hold annual meetings with both successful Respondents for the purposes of discussing the transition of certain services during the term of the contract. At the sole discretion of the State, services will be transitioned during the term of the contract in the event of a service disruption or other event.

1.2. **Scope of Service, Contract Period, & Required Terms and Conditions**

The RFP Attachment 6.5., *Pro Forma* Contract details the State's requirements:

- Scope of Services and Deliverables (Section A);
- Contract Period (Section B);
- Payment Terms (Section C);
- Standard Terms and Conditions (Section D); and,
- Special Terms and Conditions (Section E).

The *pro forma* contract substantially represents the contract document that the successful Respondent must sign.

1.3. **Nondiscrimination**

No person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of a Contract pursuant to this RFP or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal, Tennessee state constitutional, or statutory law. The Contractor pursuant to this RFP shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

1.4. **RFP Communications**

- 1.4.1. The State has assigned the following RFP identification number that must be referenced in all communications regarding this RFP:

RFP # 30901-56624

- 1.4.2. **Unauthorized contact about this RFP with employees or officials of the State of Tennessee except as detailed below may result in disqualification from consideration under this procurement process.**

- 1.4.2.1. Prospective Respondents must direct communications concerning this RFP to the following person designated as the Solicitation Coordinator:

Dawn Rochelle, Solicitation Coordinator
Tennessee Treasury Department
Telephone: (615) 253-8770
Email: dawn.rochelle@tn.gov

- 1.4.2.2. Notwithstanding the foregoing, Prospective Respondents may alternatively contact:

- a. staff of the Governor's Office of Diversity Business Enterprise for assistance available to minority-owned, woman-owned, service-disabled veteran-owned, businesses owned by persons with disabilities, and small businesses as well as general, public information relating to this RFP (visit <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/governor-s-office-of-diversity-business-enterprise--godbe--/godbe-general-contacts.html> for contact information); and
- b. the following individual designated by the State to coordinate compliance with the nondiscrimination requirements of the State of Tennessee, Title VI of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, and associated federal regulations:

Jamie Formont
Director of Human Resources
Telephone: (615) 734-2245
Email: jamie.formont@tn.gov

- 1.4.3. Only the State's official, written responses and communications with Respondents are binding with regard to this RFP. Oral communications between a State official and one or more Respondents are unofficial and non-binding.
- 1.4.4. Potential Respondents must ensure that the State receives all written questions and comments, including questions and requests for clarification, no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of Events. Any written questions or comments must be e-mailed to the Solicitation Coordinator at dawn.rochelle@tn.gov. The State intends to hold a second round of Written Questions & Comments as detailed in the RFP Section 2, Schedule of Events. During this second round, the State only commits to responding to follow-up Written Questions & Comments from potential Respondents, which ask for further information based on a first round State response. For this reason, the State encourages potential Respondents to ask all of their questions and make all their comments during the first round.
- 1.4.5. Respondents must assume the risk of dispatching any communication or response to the State. The State assumes no responsibility for delays in the State's receipt of any communication or response from Respondents due to technical or other filing delays.

- 1.4.6. The State will convey all official responses and communications related to this RFP to the prospective Respondents from whom the State has received a Notice of Intent to Respond (refer to RFP Section 1.8).
- 1.4.7. The State will convey official, written responses and communications related to this RFP through electronic mail to the prospective Respondents from whom the State has received a Notice of Intent to Respond. The State may also convey such communications by Internet posting. For internet posting, please refer to the following website:
<https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/supplier-information/request-for-proposals--rfp--opportunities1.html>.
- 1.4.8. The State reserves the right to determine, at its sole discretion, the appropriateness and adequacy of responses to written comments, questions, and requests related to this RFP. The State's official, written responses will constitute an amendment of this RFP.
- 1.4.9. Any data or factual information provided by the State (in this RFP, an RFP amendment or any other communication relating to this RFP) is for informational purposes only. The State will make reasonable efforts to ensure the accuracy of such data or information, however it is the Respondent's obligation to independently verify any data or information provided by the State. The State expressly disclaims the accuracy or adequacy of any information or data that it provides to prospective Respondents.

1.5. **Assistance to Respondents With a Handicap or Disability**

Prospective Respondents with a handicap or disability may receive accommodation relating to the communication of this RFP and participating in the RFP process. Prospective Respondents may contact the Solicitation Coordinator to request such reasonable accommodation no later than the Disability Accommodation Request Deadline detailed in the RFP Section 2, Schedule of Events.

1.6. **Respondent Required Review & Waiver of Objections**

- 1.6.1. Each prospective Respondent must carefully review this RFP, including but not limited to, attachments, the RFP Attachment 6.5., *Pro Forma* Contract, and any amendments, for questions, comments, defects, objections, or any other matter requiring clarification or correction (collectively called "questions and comments").
- 1.6.2. Any prospective Respondent having questions and comments concerning this RFP must provide them in writing to the State no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of Events.
- 1.6.3. Protests based on any objection to the RFP shall be considered waived and invalid if the objection has not been brought to the attention of the State, in writing, by the Written Questions & Comments Deadline.

1.7. **Pre-Response Teleconference**

A Pre-response Teleconference will be held at the time and date detailed in the RFP Section 2, Schedule of Events. Pre-response Teleconference attendance is not mandatory.

To participate in the teleconference, contact the Solicitation Coordinator, Dawn Rochelle, at (615) 253-8770 or via e-mail at Dawn.Rochelle@tn.gov for further instructions.

The purpose of the Teleconference is to discuss the RFP scope of goods or services. The State will entertain questions, however prospective Respondents must understand that the State's oral response to any question at the Pre-response Teleconference shall be unofficial and non-binding. Prospective Respondents must submit all questions, comments, or other concerns regarding the RFP in writing prior to the Written Questions & Comments Deadline date detailed in the RFP Section 2, Schedule of Events.

The State will send the official response to these questions and comments to prospective Respondents from whom the State has received a Notice of Intent to respond as indicated in RFP Section 1.8 and on the date detailed in the RFP Section 2, Schedule of Events.

1.8. Notice of Intent to Respond

Before the Notice of Intent to Respond Deadline detailed in the RFP Section 2, Schedule of Events, prospective Respondents should submit to the Solicitation Coordinator a Notice of Intent to Respond (in the form of a simple e-mail). Such notice should include the following information:

- the business or individual's name (as appropriate);
- a contact person's name and title; and
- the contact person's mailing address, telephone number, facsimile number, and e-mail address.

A Notice of Intent to Respond creates no obligation and is not a prerequisite for submitting a response, however, it is necessary to ensure receipt of any RFP amendments or other notices and communications relating to this RFP.

1.9. Response Deadline

A Respondent must ensure that the State receives a response no later than the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events. The State will not accept late responses, and a Respondent's failure to submit a response before the deadline will result in disqualification of the response. Respondents should be mindful of any potential delays due to technical, or other filing delays whether foreseeable or unforeseeable.

2. RFP SCHEDULE OF EVENTS

2.1. The following RFP Schedule of Events represents the State's best estimate for this RFP.

EVENT	TIME (central time zone)	DATE
1. RFP Issued		July 31, 2023
2. Disability Accommodation Request Deadline	2:00 p.m.	August 7, 2023
3. Pre-response Teleconference	2:00 p.m.	August 9, 2023
4. Notice of Intent to Respond Deadline	2:00 p.m.	August 11, 2023
5. Written "Questions & Comments" Deadline	2:00 p.m.	September 1, 2023
6. State Response to Written "Questions & Comments"		September 15, 2023
7. Second & Final Round of Written "Questions & Comments" (Follow-Up Questions & Comments) Deadline (See RFP Section 1.4.4.)	2:00 p.m.	September 29, 2023
8. State Response to Second & Final Round of Written "Questions & Comments"		October 13, 2023
9. Technical Response and Cost Proposal Deadline	2:00 p.m.	October 27, 2023
10. State Completion of Technical Response Evaluations		November 13, 2023
11. State Schedules Respondent Oral Presentation (Respondent Finalists Only)		November 14, 2023
12. Respondent Oral Presentation (Respondent Finalists Only)	8:00 a.m. - 4:30 p.m.	November 15 – 17, 2023
13. State Opening & Scoring of Cost Proposals (Finalists only)		November 20, 2023
14. State Notice of Intent to Award Released <u>and</u> RFP Files Opened for Public Inspection		December 1, 2023
15. End of Open File Period		December 11, 2023
16. State sends contract to Contractor for signature		December 15, 2023
17. Contractor Signature Deadline	2:00 p.m.	December 22, 2023

2.2. **The State reserves the right, at its sole discretion, to adjust the RFP Schedule of Events as it deems necessary.** Any adjustment of the Schedule of Events shall constitute an RFP amendment, and the State will communicate such to prospective Respondents from whom the State has received a Notice of Intent to Respond (refer to section 1.8).

3. RESPONSE REQUIREMENTS

3.1. Response Form

A response to this RFP must consist of two parts, a Technical Response and a Cost Proposal.

- 3.1.1. **Technical Response.** RFP Attachment 6.2., Technical Response & Evaluation Guide provides the specific requirements for submitting a response. This guide includes mandatory requirement items, general qualifications and experience items, and technical qualifications, experience, and approach items all of which must be addressed with a written response and, in some instances, additional documentation.

NOTICE: A technical response must not include any pricing or cost information. If any pricing or cost information amounts of any type (even pricing relating to other projects) is included in any part of the technical response, the state may deem the response to be non-responsive and reject it.

- 3.1.1.1. A Respondent should duplicate and use the RFP Attachment 6.2., Technical Response & Evaluation Guide to organize, reference, and draft the Technical Response by duplicating the attachment, adding appropriate page numbers as required, and using the guide as a table of contents covering the Technical Response.
- 3.1.1.2. A response should be economically prepared, with emphasis on completeness and clarity. A response, as well as any reference material presented, must be written in English and must be written on standard 8 ½" x 11" pages (although oversize exhibits are permissible) and use a 12 point font for text. All response pages must be numbered.
- 3.1.1.3. All information and documentation included in a Technical Response should correspond to or address a specific requirement detailed in the RFP Attachment 6.2., Technical Response & Evaluation Guide. All information must be incorporated into a response to a specific requirement and clearly referenced. Any information not meeting these criteria will be deemed extraneous and will not contribute to evaluations.
- 3.1.1.4. The State may determine a response to be non-responsive and reject it if:
 - a. the Respondent fails to organize and properly reference the Technical Response as required by this RFP and the RFP Attachment 6.2., Technical Response & Evaluation Guide; or
 - b. the Technical Response document does not appropriately respond to, address, or meet all of the requirements and response items detailed in the RFP Attachment 6.2., Technical Response & Evaluation Guide.

- 3.1.2. **Cost Proposal.** A Cost Proposal must be recorded on an exact duplicate of the RFP Attachment 6.3., Cost Proposal & Scoring Guide.

NOTICE: If a Respondent fails to submit a cost proposal exactly as required, the State may deem the response to be non-responsive and reject it.

- 3.1.2.1. A Respondent must only record the proposed cost exactly as required by the RFP Attachment 6.3., Cost Proposal & Scoring Guide and must NOT record any other rates, amounts, or information.

- 3.1.2.2. The proposed cost shall incorporate ALL costs for services under the contract for the total contract period, including any renewals or extensions.
- 3.1.2.3. A Respondent must sign and date the Cost Proposal. An electronic or facsimile signature, as applicable, is acceptable.
- 3.1.2.4. A Respondent must submit the Cost Proposal to the State in a separate email from the Technical Response (as detailed in RFP Sections 3.2.3., *et seq.*).

3.2. Response Delivery

- 3.2.1. A Respondent must ensure that both the original Technical Response and Cost Proposal documents meet all form and content requirements, including all required signatures, as detailed within this RFP, as may be amended.
- 3.2.2. A Respondent must submit its Technical Response and Cost Proposal documents as specified below.

3.2.2.1. Technical Response:

The Technical Response document should be in the form of one (1) digital document in “PDF” format or other easily accessible digital format attached to an e-mail to the Solicitation Coordinator. Both the subject and file name should both be clearly identified as follows:

“RFP # 30901-56624 TECHNICAL RESPONSE ORIGINAL”

3.2.2.2. Cost Proposal:

The Cost Proposal should be in the form of one (1) digital document in “PDF” or “XLS” format or other easily accessible digital format attached to an e-mail to the Solicitation Coordinator. Both the subject and file name should both be clearly identified as follows:

An electronic or facsimile signature, as applicable, on the Cost Proposal is acceptable.

“RFP # 30901-56624 COST PROPOSAL ORIGINAL”

- 3.2.3. The Technical Response and Cost Proposal documents must be dispatched to the Solicitation Coordinator in separate e-mail messages.
- 3.2.4. A Respondent must ensure that the State receives a response no later than the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events. The Response must be delivered to the Solicitation Coordinator via e-mail at dawn.rochelle@tn.gov. In the event a Respondent's Response with all attachments and supporting documentation will exceed 15 megabytes in total, the Respondent must place the documents in a zip file or make two or more submissions such that the documents per e-mail submission do not exceed 15 megabytes.

3.3. Response & Respondent Prohibitions

- 3.3.1. A response must not include alternate contract terms and conditions. If a response contains such terms and conditions, the State, at its sole discretion, may determine the response to be a non-responsive counteroffer and reject it.

- 3.3.2. A response must not restrict the rights of the State or otherwise qualify either the offer to deliver goods or provide services as required by this RFP or the Cost Proposal. If a response restricts the rights of the State or otherwise qualifies either the offer to deliver goods or provide services as required by this RFP or the Cost Proposal, the State, at its sole discretion, may determine the response to be a non-responsive counteroffer and reject it.
- 3.3.3. A response must not propose alternative goods or services (*i.e.*, offer services different from those requested and required by this RFP) unless expressly requested in this RFP. The State may consider a response of alternative goods or services to be non-responsive and reject it.
- 3.3.4. A Cost Proposal must be prepared and arrived at independently and must not involve any collusion between Respondents. The State will reject any Cost Proposal that involves collusion, consultation, communication, or agreement between Respondents. Regardless of the time of detection, the State will consider any such actions to be grounds for response rejection or contract termination.
- 3.3.5. A Respondent must not provide, for consideration in this RFP process or subsequent contract negotiations, any information that the Respondent knew or should have known was materially incorrect. If the State determines that a Respondent has provided such incorrect information, the State will deem the Response non-responsive and reject it.
- 3.3.6. A Respondent must not submit more than one Technical Response and one Cost Proposal in response to this RFP, except as expressly requested by the State in this RFP. If a Respondent submits more than one Technical Response or more than one Cost Proposal, the State will deem all of the responses non-responsive and reject them.
- 3.3.7. A Respondent must not submit a response as a prime contractor while also permitting one or more other Respondents to offer the Respondent as a subcontractor in their own responses. Such may result in the disqualification of all Respondents knowingly involved. This restriction does not, however, prohibit different Respondents from offering the same subcontractor as a part of their responses (provided that the subcontractor does not also submit a response as a prime contractor).
- 3.3.8. The State shall not consider a response from an individual who is, or within the past six (6) months has been, a State employee. For purposes of this RFP:
 - 3.3.8.1. An individual shall be deemed a State employee until such time as all compensation for salary, termination pay, and annual leave has been paid;
 - 3.3.8.2. A contract with or a response from a company, corporation, or any other contracting entity in which a controlling interest is held by any State employee shall be considered to be a contract with or proposal from the employee; and
 - 3.3.8.3. A contract with or a response from a company, corporation, or any other contracting entity that employs an individual who is, or within the past six (6) months has been, a State employee shall not be considered a contract with or a proposal from the employee and shall not constitute a prohibited conflict of interest.
- 3.3.9. This RFP is also subject to Tenn. Code Ann. § 12-4-101—105.

3.4. **Response Errors & Revisions**

A Respondent is responsible for any and all response errors or omissions. A Respondent will not be allowed to alter or revise response documents after the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events unless such is formally requested, in writing, by the State.

3.5. **Response Withdrawal**

A Respondent may withdraw a submitted response at any time before the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events by submitting a written request signed by an authorized Respondent representative to the Solicitation Coordinator via e-mail at dawn.rochelle@tn.gov. After withdrawing a response, a Respondent may submit another response at any time before the Response Deadline. After the Response Deadline, a Respondent may only withdraw all or a portion of a response where the enforcement of the response would impose an unconscionable hardship on the Respondent.

3.6. Additional Services

If a response offers goods or services in addition to those required by and described in this RFP, the State, at its sole discretion, may add such services to the contract awarded as a result of this RFP. Notwithstanding the foregoing, a Respondent must not propose any additional cost amounts or rates for additional goods or services. Regardless of any additional services offered in a response, the Respondent's Cost Proposal must only record the proposed cost as required in this RFP and must not record any other rates, amounts, or information.

NOTICE: If a Respondent fails to submit a Cost Proposal exactly as required, the State may deem the response non-responsive and reject it.

3.7. Response Preparation Costs

The State will not pay any costs associated with the preparation, submittal, or presentation of any response.

4. GENERAL CONTRACTING INFORMATION & REQUIREMENTS

4.1. RFP Amendment

The State at its sole discretion may amend this RFP, in writing, at any time prior to contract award. However, prior to any such amendment, the State will consider whether it would negatively impact the ability of potential Respondents to meet the response deadline and revise the RFP Schedule of Events if deemed appropriate. If an RFP amendment is issued, the State will convey it to potential Respondents who submitted a Notice of Intent to Respond (refer to RFP Section 1.8). A response must address the final RFP (including its attachments) as amended.

4.2. RFP Cancellation

The State reserves the right, at its sole discretion, to cancel the RFP or to cancel and reissue this RFP in accordance with applicable laws and regulations.

4.3. State Right of Rejection

4.3.1. Subject to applicable laws and regulations, the State reserves the right to reject, at its sole discretion, any and all responses.

4.3.2. The State may deem as non-responsive and reject any response that does not comply with all terms, conditions, and performance requirements of this RFP. Notwithstanding the foregoing, the State reserves the right to waive, at its sole discretion, minor variances from full compliance with this RFP. If the State waives variances in a response, such waiver shall not modify the RFP requirements or excuse the Respondent from full compliance, and the State may hold any resulting Contractor to strict compliance with this RFP.

4.4. Assignment & Subcontracting

4.4.1. The Contractor may not subcontract, transfer, or assign any portion of the Contract awarded as a result of this RFP without prior approval of the State. The State reserves the right to refuse approval, at its sole discretion, of any subcontract, transfer, or assignment.

4.4.2. If a Respondent intends to use subcontractors, the response to this RFP must specifically identify the scope and portions of the work each subcontractor will perform (refer to RFP Attachment 6.2., Section B, General Qualifications & Experience Item B.14.).

4.4.3. Subcontractors identified within a response to this RFP will be deemed as approved by the State unless the State expressly disapproves one or more of the proposed subcontractors prior to signing the Contract.

4.4.4. After contract award, a Contractor may only substitute an approved subcontractor at the discretion of the State and with the State's prior, written approval.

4.4.5. Notwithstanding any State approval relating to subcontracts, the Respondent who is awarded a contract pursuant to this RFP will be the prime contractor and will be responsible for all work under the Contract.

4.5. Right to Refuse Personnel or Subcontractors

The State reserves the right to refuse, at its sole discretion and notwithstanding any prior approval, any personnel of the prime contractor or a subcontractor providing goods or services in the performance of a contract resulting from this RFP. The State will document in writing the reason(s) for any rejection of personnel.

4.6. Insurance

The State will require the awarded Contractor to provide a Certificate of Insurance issued by an insurance company licensed or authorized to provide insurance in the State of Tennessee. Each Certificate of Insurance shall indicate current insurance coverages meeting minimum requirements as may be specified by this RFP. A failure to provide a current, Certificate of Insurance will be considered a material breach and grounds for contract termination.

4.7. Professional Licensure and Department of Revenue Registration

- 4.7.1. All persons, agencies, firms, or other entities that provide legal or financial opinions, which a Respondent provides for consideration and evaluation by the State as a part of a response to this RFP, shall be properly licensed to render such opinions.
- 4.7.2. Before the Contract resulting from this RFP is signed, the apparent successful Respondent (and Respondent employees and subcontractors, as applicable) must hold all necessary or appropriate business or professional licenses to provide the goods or services as required by the contract. The State may require any Respondent to submit evidence of proper licensure.
- 4.7.3. Before the Contract resulting from this RFP is signed, the apparent successful Respondent must be registered with the Tennessee Department of Revenue for the collection of Tennessee sales and use tax. The State shall not award a contract unless the Respondent provides proof of such registration or provides documentation from the Department of Revenue that the Contractor is exempt from this registration requirement. The foregoing is a mandatory requirement of an award of a contract pursuant to this solicitation. To register, please visit the Department of Revenue's Tennessee Taxpayer Access Point (TNTAP) website for Online Registration and the Vendor Contract Questionnaire. These resources are available at the following:
<https://tntap.tn.gov/eservices/#1>

4.8. Disclosure of Response Contents

- 4.8.1. All materials submitted to the State in response to this RFP shall become the property of the State of Tennessee. Selection or rejection of a response does not affect this right. By submitting a response, a Respondent acknowledges and accepts that the full response contents and associated documents will become open to public inspection in accordance with the laws of the State of Tennessee.
- 4.8.2. The State will hold all response information, including both technical and cost information, in confidence during the evaluation process.
- 4.8.3. Upon completion of response evaluations, indicated by public release of a Notice of Intent to Award, the responses and associated materials will be open for review by the public in accordance with Tenn. Code Ann. § 10-7-504(a)(7).

4.9. Contract Approval and Contract Payments

- 4.9.1. After contract award, the Contractor who is awarded the contract must submit appropriate documentation with the Department of Finance and Administration, Division of Accounts.
- 4.9.2. This RFP and its contractor selection processes do not obligate the State and do not create rights, interests, or claims of entitlement in either the Respondent with the apparent best-evaluated response or any other Respondent. State obligations pursuant to a contract award shall commence only after the Contract is signed by the State agency head and the Contractor and after the Contract is approved by all other state officials as required by applicable laws and regulations.

4.9.3. No payment will be obligated or made until the relevant Contract is approved as required by applicable statutes and rules of the State of Tennessee.

- 4.9.3.1. The State shall not be liable for payment of any type associated with the Contract resulting from this RFP (or any amendment thereof) or responsible for any goods delivered or services rendered by the Contractor, even goods delivered or services rendered in good faith and even if the Contractor is orally directed to proceed with the delivery of goods or the rendering of services, if it occurs before the Contract Effective Date or after the Contract Term.
- 4.9.3.2. All payments relating to this procurement will be made in accordance with the Payment Terms and Conditions of the Contract resulting from this RFP (refer to RFP Attachment 6.5., *Pro Forma Contract*, Section C).
- 4.9.3.3. If any provision of the Contract provides direct funding or reimbursement for the competitive purchase of goods or services as a component of contract performance or otherwise provides for the reimbursement of specified, actual costs, the State will employ all reasonable means and will require all such documentation that it deems necessary to ensure that such purchases were competitive and costs were reasonable, necessary, and actual. The Contractor shall provide reasonable assistance and access related to such review. Further, the State shall not remit, as funding or reimbursement pursuant to such provisions, any amounts that it determines do not represent reasonable, necessary, and actual costs.

4.10. **Contractor Performance**

The Contractor who is awarded a contract will be responsible for the delivery of all acceptable goods or the satisfactory completion of all services set out in this RFP (including attachments) as may be amended. All goods or services are subject to inspection and evaluation by the State. The State will employ all reasonable means to ensure that goods delivered or services rendered are in compliance with the Contract, and the Contractor must cooperate with such efforts.

4.11. **Contract Amendment**

After Contract award, the State may request the Contractor to deliver additional goods or perform additional services within the general scope of the Contract and this RFP, but beyond the specified Scope, and for which the Contractor may be compensated. In such instances, the State will provide the Contractor a written description of the additional goods or services. The Contractor must respond to the State with a time schedule for delivering the additional goods or accomplishing the additional services based on the compensable units included in the Contractor's response to this RFP. If the State and the Contractor reach an agreement regarding the goods or services and associated compensation, such agreement must be effected by means of a contract amendment. Further, any such amendment requiring additional goods or services must be signed by both the State agency head and the Contractor and must be approved by other state officials as required by applicable statutes, rules, policies and procedures of the State of Tennessee. The Contractor must not provide additional goods or render additional services until the State has issued a written contract amendment with all required approvals.

4.12. **Severability**

If any provision of this RFP is declared by a court to be illegal or in conflict with any law, said decision will not affect the validity of the remaining RFP terms and provisions, and the rights and obligations of the State and Respondents will be construed and enforced as if the RFP did not contain the particular provision held to be invalid.

4.13. **Next Ranked Respondent**

The State reserves the right to initiate negotiations with the next ranked Respondent should the State cease doing business with any Respondent selected via this RFP process.

5. EVALUATION & CONTRACT AWARD

5.1. Evaluation Categories & Maximum Points

The State will consider qualifications, experience, technical approach, and cost in the evaluation of responses and award points in each of the categories detailed below (up to the maximum evaluation points indicated) to each response deemed by the State to be responsive.

EVALUATION CATEGORY	MAXIMUM POINTS POSSIBLE
General Qualifications & Experience (refer to RFP Attachment 6.2., Section B)	10
Technical Qualifications, Experience & Approach (refer to RFP Attachment 6.2., Section C)	50
Oral Presentation – RESPONDENT FINALISTS ONLY (refer to RFP Attachment 6.2., Section D)	10
Cost Proposal – RESPONDENT FINALISTS ONLY (refer to RFP Attachment 6.3.)	30

5.2. Evaluation Process

The evaluation process is designed to award the contract resulting from this RFP not necessarily to the Respondent offering the lowest cost, but rather to the Respondent deemed by the State to be responsive and responsible who offers the best combination of attributes based upon the evaluation criteria. ("Responsive Respondent" is defined as a Respondent that has submitted a response that conforms in all material respects to the RFP. "Responsible Respondent" is defined as a Respondent that has the capacity in all respects to perform fully the contract requirements, and the integrity and reliability which will assure good faith performance.)

5.2.1. **Technical Response Evaluation.** The Solicitation Coordinator and the Proposal Evaluation Team (consisting of three (3) or more State employees) will use the RFP Attachment 6.2., Technical Response & Evaluation Guide to manage the Technical Response Evaluation and maintain evaluation records.

5.2.1.1. The State reserves the right, at its sole discretion, to request Respondent clarification of a Technical Response or to conduct clarification discussions with any or all Respondents. Any such clarification or discussion will be limited to specific sections of the response identified by the State. The subject Respondent must put any resulting clarification in writing as may be required and in accordance with any deadline imposed by the State.

5.2.1.2. The Solicitation Coordinator will review each Technical Response to determine compliance with RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A— Mandatory Requirements. If the Solicitation Coordinator determines that a response failed to meet one or more of the mandatory requirements, the Proposal Evaluation Team will review the response and document the team's determination of whether:

- a. the response adequately meets RFP requirements for further evaluation;
- b. the State will request clarifications or corrections for consideration prior to further evaluation; or,

- c. the State will determine the response to be non-responsive to the RFP and reject it.
- 5.2.1.3. Proposal Evaluation Team members will independently evaluate each Technical Response (that is responsive to the RFP) against the evaluation criteria in this RFP, and will score each in accordance with the RFP Attachment 6.2., Technical Response & Evaluation Guide.
- 5.2.1.4. For each response evaluated, the Solicitation Coordinator will calculate the average of the Proposal Evaluation Team member scores for RFP Attachment 6.2., Technical Response & Evaluation Guide, and record each average as the response score for the respective Technical Response section.
- 5.2.1.5. The Solicitation Coordinator will invite the top three (3) ranked Respondents to make an Oral Presentation. The ranking will be determined after the Technical Response score is totaled and ranked (e.g., 1 – the best evaluated ranking, etc.). In the event of a tie score in the top three rankings, the Solicitation Coordinator will identify all responsive and responsible Respondents that received those scores. The Solicitation Coordinator will then invite each Respondent Finalist to make an oral presentation. The presentation shall be conducted remotely via web conference, hosted by the Respondent. The Respondent must provide a hard copy of its presentation materials to the Solicitation Coordinator the day before the Respondent's presentation.
 - 5.2.1.5.1. The Oral Presentations are mandatory. The Solicitation Coordinator will schedule Respondent Presentations during the period indicated by the RFP Section 2, Schedule of Events. The Solicitation Coordinator will make every effort to accommodate each Respondent's schedules. When the Respondent Presentation has been determined, the Solicitation Coordinator will contact Respondents with the relevant information as indicated by RFP Section 2, Schedule of Events.
 - 5.2.1.5.2. Respondent Presentations are only open to the invited Respondent, Proposal Evaluation Team members, the Solicitation Coordinator, and any technical consultants who are selected by the State to provide assistance to the Proposal Evaluation Team.
 - 5.2.1.5.3. Oral Presentations provide an opportunity for Respondents to explain and clarify their responses. Respondents must not materially alter their responses and Presentations will be limited to addressing the items detailed in Section D of RFP Attachment 6.2., Technical Response & Evaluation Guide. Respondent pricing shall not be discussed or provided during Oral Presentations.
 - 5.2.1.5.4. The State will maintain an accurate record of each Respondent's Oral Presentation. The record of the Respondent's Oral Presentation shall be available for review when the State opens the procurement files for public inspection.
 - 5.2.1.5.5. Proposal Evaluation Team members will independently evaluate each Oral Presentation in accordance with the RFP Attachment 6.2., Technical Response & Evaluation Guide, Section D.
 - 5.2.1.5.6. The Solicitation Coordinator will calculate and document the average of the Proposal Evaluation Team member scores for RFP Attachment 6.2., Technical Response & Evaluation Guide, Section D, and record that number as the score for Respondent's Technical Response section

5.2.1.6. Before Cost Proposals are opened, the Proposal Evaluation Team will review the Technical Response Evaluation record and any other available information pertinent to whether or not each Respondent is responsive and responsible. If the Proposal Evaluation Team identifies any Respondent that does not meet the responsive and responsible thresholds such that the team would not recommend the Respondent for Cost Proposal Evaluation and potential contract award, the team members will fully document the determination.

5.2.2. **Cost Proposal Evaluation.** The Solicitation Coordinator will open for evaluation the Cost Proposal of each Respondent deemed by the State to be responsive and responsible and calculate and record each Cost Proposal score in accordance with the RFP Attachment 6.3., Cost Proposal & Scoring Guide.

5.2.3. **Total Response Score.** The Solicitation Coordinator will calculate the sum of the Technical Response section scores and the Cost Proposal score and record the resulting number as the total score for the subject Response (refer to RFP Attachment 6.4., Score Summary Matrix).

5.3. Contract Award Process

5.3.1. The Solicitation Coordinator will submit the Proposal Evaluation Team determinations and scores to the head of the procuring agency for consideration along with any other relevant information that might be available and pertinent to the contract awards.

5.3.2. The procuring agency head will determine the apparent best-evaluated Responses. To effect a contract award to a Respondent other than the ones receiving the highest evaluation process score, the head of the procuring agency must provide written justification and obtain the written approval of the Chief Procurement Officer and the Comptroller of the Treasury.

5.3.3. The State will issue a Notice of Intent to Award identifying the apparent best-evaluated responses and make the RFP files available for public inspection at the time and date specified in the RFP Section 2, Schedule of Events.

NOTICE: The Notice of Intent to Award shall not create rights, interests, or claims of entitlement in either the apparent best-evaluated Respondents or any other Respondent.

5.3.4. The Respondents identified as offering the apparent best-evaluated responses must sign a contract drawn by the State pursuant to this RFP. The contract shall be substantially the same as the RFP Attachment 6.5., *Pro Forma* Contract. The Respondents must sign the contract by the Contractor Signature Deadline detailed in the RFP Section 2, Schedule of Events. If the Respondent fails to provide the signed contract by this deadline, the State may determine that the Respondent is non-responsive to this RFP and reject the response.

5.3.5. Notwithstanding the foregoing, the State may, at its sole discretion, entertain limited negotiations prior to contract signing and, as a result, revise the *pro forma* contract terms and conditions or performance requirements in the State's best interests, PROVIDED THAT such revision of terms and conditions or performance requirements shall NOT materially affect the basis of response evaluations or negatively impact the competitive nature of the RFP and contractor selection process.

5.3.6. If the State determines that a response is non-responsive and rejects it after opening Cost Proposals, the Solicitation Coordinator will re-calculate scores for each remaining responsive Cost Proposal to determine (or re-determine) the apparent best-evaluated responses.

RFP ATTACHMENT 6.1.**RFP # 30901-56624 STATEMENT OF CERTIFICATIONS AND ASSURANCES**

The Respondent must sign and complete the Statement of Certifications and Assurances below as required, and it must be included in the Technical Response (as required by RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A, Item A.1.). An electronic or facsimile signature, as applicable, is acceptable.

The Respondent does, hereby, expressly affirm, declare, confirm, certify, and assure ALL of the following:

1. The Respondent will comply with all of the provisions and requirements of the RFP.
2. The Respondent will provide all services as defined in the Scope of the RFP Attachment 6.5., *Pro Forma* Contract for the total Contract Term.
3. The Respondent, except as otherwise provided in this RFP, accepts and agrees to all terms and conditions set out in the RFP Attachment 6.5., *Pro Forma* Contract.
4. The Respondent acknowledges and agrees that a contract resulting from the RFP shall incorporate, by reference, all proposal responses as a part of the Contract.
5. The Respondent will comply with:
 - (a) the laws of the State of Tennessee;
 - (b) Title VI of the federal Civil Rights Act of 1964;
 - (c) Title IX of the federal Education Amendments Act of 1972;
 - (d) the Equal Employment Opportunity Act and the regulations issued there under by the federal government; and,
 - (e) the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government.
6. To the knowledge of the undersigned, the information detailed within the response submitted to this RFP is accurate.
7. The response submitted to this RFP was independently prepared, without collusion, under penalty of perjury.
8. No amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Respondent in connection with this RFP or any resulting contract.
9. Both the Technical Response and the Cost Proposal submitted in response to this RFP shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract pursuant to the RFP.
10. The Respondent affirms the following statement, as required by the Iran Divestment Act Tenn. Code Ann. § 12-12-111: "By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each bidder is not on the list created pursuant to §12-12-106." For reference purposes, the list is currently available online at: <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/library-/public-information-library.html>.

By signing this Statement of Certifications and Assurances, below, the signatory also certifies legal authority to bind the proposing entity to the provisions of this RFP and any contract awarded pursuant to it. If the signatory is not the Respondent (if an individual) or the Respondent's company *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to bind the Respondent.

DO NOT SIGN THIS DOCUMENT IF YOU ARE NOT LEGALLY AUTHORIZED TO BIND THE RESPONDENT

SIGNATURE:

PRINTED NAME & TITLE:

DATE:

**RESPONDENT LEGAL ENTITY
NAME:**

RFP ATTACHMENT 6.2. — Section A**TECHNICAL RESPONSE & EVALUATION GUIDE**

SECTION A: MANDATORY REQUIREMENTS. The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

The Solicitation Coordinator will review the response to determine if the Mandatory Requirement Items are addressed as required and mark each with pass or fail. For each item that is not addressed as required, the Proposal Evaluation Team must review the response and attach a written determination. In addition to the Mandatory Requirement Items, the Solicitation Coordinator will review each response for compliance with all RFP requirements.

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		The Response must be delivered to the State no later than the Response Deadline specified in the RFP Section 2, Schedule of Events.	
		The Technical Response and the Cost Proposal documents were dispatched to the Solicitation Coordinator in separate e-mail messages (refer to RFP Section 3.2.3).	
		The Technical Response must NOT contain cost or pricing information of any type.	
		The Technical Response must NOT contain any restrictions of the rights of the State or other qualification of the response.	
		A Respondent must NOT submit alternate responses (refer to RFP Section 3.3.).	
		A Respondent must NOT submit multiple responses in different forms (as a prime and a subcontractor) (refer to RFP Section 3.3.).	
	A.1.	Provide the Statement of Certifications and Assurances (RFP Attachment 6.1.) completed and signed by an individual empowered to bind the Respondent to the provisions of this RFP and any resulting contract. The document must be signed without exception or qualification.	
	A.2.	Provide a statement, based upon reasonable inquiry, of whether the Respondent or any individual who shall cause to deliver goods or perform services under the contract has a possible conflict of interest (e.g., employment by the State of Tennessee) and, if so, the nature of that conflict. NOTE: Any questions of conflict of interest shall be solely within the discretion of the State, and the State reserves the right to cancel any award.	
	A.3.	Provide a statement that the Respondent represents and warrants that it does not have a policy prohibiting financing to companies in the fossil fuel industry as described in Tenn. Code Ann. § 9-4-107(f). Additionally, provide a statement confirming that if the Respondent is awarded a contract under this RFP, the Respondent shall notify the State within 30 calendar days of the adoption of a policy that prohibits financing to companies in the fossil fuel industry. In that event, the State reserves the	

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		<p>right to terminate the contract pursuant to Section D.6 of the <i>Pro Forma</i> Contract (RFP Attachment 6.5).</p> <p>NOTE: In the event that all respondents fail to meet this mandatory requirement, the State, at its sole discretion, may determine to proceed with the evaluation of all respondent proposals under the provisions of Tenn. Code Ann. § 9-4-107(f).</p>	
	A.4.	Provide an official document or letter from an accredited credit bureau, verified, and dated within the last three (3) months and indicating a satisfactory credit rating for the Respondent (NOTE: A credit bureau report number without the full report is insufficient and will <u>not</u> be considered responsive.)	
	A.5.	Provide a statement confirming that the Respondent is currently designated as a state depository institution pursuant to Tenn. Code Ann. § 9-4-107, and that if awarded a contract pursuant to this RFP, the Respondent will maintain this designation for the duration of the contract.	
	A.6.	Provide a statement confirming that the Respondent is a member of the Tennessee State Collateral Pool and, if selected as a Contractor pursuant to this RFP, the Respondent will 1) remain an active member of the Tennessee Collateral Pool for the duration of the contract, and 2) collateralize all public funds in accordance with Tenn. Code Ann., Title 9, Chapter 4, Part 5.	
	A.7.	Provide a statement confirming that the Respondent is an on-line member of the Federal Reserve Bank's Fedwire System, with Fedwire transfer transaction volumes exceeding five thousand (5,000) incoming Fedwire funds transfers per month and five thousand (5,000) outgoing Fedwire funds transfers per month.	
	A.8.	Provide a statement confirming that if selected as a contractor pursuant to this RFP, the Respondent 1) agrees to serve as Presentment and Settlement Point for the State for the purpose of allowing the Federal Reserve Bank (FRB) to charge the Respondent's FRB account to settle the State's cash letters, related adjustment entries, and related FRB bank service charges, for pass-through to the State, and 2) agrees to execute the FRB's agreements and comply with FRB Operating Circular 3 as it relates to this relationship.	
	A.9.	Provide a statement confirming that the Respondent is a member of the National Automated Clearing House Association (NACHA) and is an Originating Depository Financial Institution (ODFI) and a Receiving Depository Financial Institution (RDFI), which had either (i) ACH transaction volumes exceeding 30 million (30,000,000) entries in 2022, or (ii) been listed among the 2022 NACHA top 50 for Receivers and Originators.	
	A.10.	Provide a statement that if awarded a contract under this RFP, the Respondent agrees to register the State's designated ACH routing number under its financial institution with the Routing Number Board for the duration of the contract and the Respondent agrees to the transfer of the ACH Routing Number to the State's successor ACH bank at the conclusion of the contract.	

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
	A.11.	Provide a statement confirming that if awarded a contract under this RFP, the Respondent 1) will establish and maintain separate custody accounts for each of the portfolios as described in RFP Section 1.1.4, to contain exclusively the State's investments and 2) will provide "contractual" settlement of securities, or immediate funds availability to the State each morning for its maturing securities, subject to the State making the Respondent whole by the following business day in the event the Respondent is not paid for a maturing security by the issuer.	
	A.12.	Provide a statement that the Respondent can access both the FRB as well as the DTC for the processing of investment activity. If the Respondent plans to utilize a third-party vendor, please be sure to identify the vendor and otherwise provide the information requested in Items B.14 and B.18 of RFP Attachment 6.2., Section B, General Qualifications & Experience.	
	A.13.	Provide a statement confirming that the Respondent will participate with the State in the State's yearly disaster recovery testing as provided in Section A.15 of the <i>Pro Forma</i> Contract (RFP Attachment 6.5).	
<i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i>			

RFP ATTACHMENT 6.2. — SECTION B

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION B: GENERAL QUALIFICATIONS & EXPERIENCE. The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below. Proposal Evaluation Team members will independently evaluate and assign one score for all responses to Section B— General Qualifications & Experience Items.

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
	B.1.	Detail the name, e-mail address, mailing address, telephone number, and facsimile number of the person the State should contact regarding the response.
	B.2.	Describe the Respondent's form of business (<i>i.e.</i> , individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and business location (physical location or domicile).
	B.3.	Detail the number of years the Respondent has been in business.
	B.4.	Briefly describe how long the Respondent has been providing the goods or services required by this RFP.
	B.5.	Describe the Respondent's number of employees, client base, and location of offices.
	B.6.	Provide a statement of whether there have been any mergers, acquisitions, or change of control of the Respondent within the last ten (10) years. If so, include an explanation providing relevant details.
	B.7.	Provide a statement of whether the Respondent or, to the Respondent's knowledge, any of the Respondent's employees, agents, independent contractors, or subcontractors, involved in the delivery of goods or performance of services on a contract pursuant to this RFP, have been convicted of, pled guilty to, or pled <i>nolo contendere</i> to any felony. If so, include an explanation providing relevant details.
	B.8.	Provide a statement of whether, in the last ten (10) years, the Respondent has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors. If so, include an explanation providing relevant details.
	B.9.	Provide a statement of whether there is any material, pending litigation against the Respondent that the Respondent should reasonably believe could adversely affect its ability to meet contract requirements pursuant to this RFP or is likely to have a material adverse effect on the Respondent's financial condition. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it would impair the Respondent's performance in a contract pursuant to this RFP. NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.
	B.10.	Provide a statement of whether there are any pending or in progress Securities Exchange Commission investigations involving the Respondent. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it will impair the Respondent's performance in a contract pursuant to this RFP.

RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.
	B.11.	Provide a brief, descriptive statement detailing evidence of the Respondent's ability to deliver the goods or services sought under this RFP (e.g., prior experience, training, certifications, resources, program and quality management systems, etc.).
	B.12.	Provide a narrative description of the proposed project team, its members, and organizational structure along with an organizational chart identifying the key people who will be assigned to deliver the goods or services required by this RFP.
	B.13.	Provide a personnel roster listing the names of key people who the Respondent will assign to meet the Respondent's requirements under this RFP along with the estimated number of hours that each individual will devote to that performance. Follow the personnel roster with a resume for each of the people listed. The resumes must detail the individual's title, education, current position with the Respondent, and employment history.
	B.14.	Provide a statement of whether the Respondent intends to use subcontractors to meet the Respondent's requirements of any contract awarded pursuant to this RFP, and if so, detail: (a) the names of the subcontractors along with the contact person, mailing address, telephone number, and e-mail address for each; (b) a description of the scope and portions of the goods each subcontractor involved in the delivery of goods or performance of the services each subcontractor will perform; <u>and</u> (c) a statement specifying that each proposed subcontractor has expressly assented to being proposed as a subcontractor in the Respondent's response to this RFP.
	B.15.	Provide documentation of the Respondent's commitment to diversity as represented by the following: (a) <u>Business Strategy</u> . Provide a description of the Respondent's existing programs and procedures designed to encourage and foster commerce with business enterprises owned by minorities, women, service-disabled veterans, persons with disabilities, and small business enterprises. Please also include a list of the Respondent's certifications as a diversity business, if applicable. (b) <u>Business Relationships</u> . Provide a listing of the Respondent's current contracts with business enterprises owned by minorities, women, service-disabled veterans, persons with disabilities, and small business enterprises. Please include the following information: (i) contract description; (ii) contractor name and ownership characteristics (i.e., ethnicity, gender, service-disabled veteran-owned or persons with disabilities); (iii) contractor contact name and telephone number. (c) <u>Estimated Participation</u> . Provide an estimated level of participation by business enterprises owned by minorities, women, service-disabled veterans, persons with disabilities and small business enterprises if a contract is awarded to the Respondent pursuant to this RFP. Please include the following information: (i) a percentage (%) indicating the participation estimate. (Express the estimated participation number as a percentage of the total estimated contract value that will be dedicated to business with subcontractors and supply contractors having such ownership characteristics only and DO NOT INCLUDE DOLLAR AMOUNTS); (ii) anticipated goods or services contract descriptions;

RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		<p>(iii) names and ownership characteristics (i.e., ethnicity, gender, service-disabled veterans, or disability) of anticipated subcontractors and supply contractors.</p> <p>NOTE: In order to claim status as a Diversity Business Enterprise under this contract, businesses must be certified by the Governor's Office of Diversity Business Enterprise (Go-DBE). Please visit the Go-DBE website at https://tn.diversitysoftware.com/FrontEnd/StartCertification.asp?TN=tn&XID=9810 for more information.</p> <p>(d) <u>Workforce</u>. Provide the percentage of the Respondent's total current employees by ethnicity and gender.</p> <p>NOTE: Respondents that demonstrate a commitment to diversity will advance State efforts to expand opportunity to do business with the State as contractors and subcontractors. Response evaluations will recognize the positive qualifications and experience of a Respondent that does business with enterprises owned by minorities, women, service-disabled veterans, persons with disabilities, and small business enterprises and who offer a diverse workforce.</p>
	B.16.	<p>Provide a statement of whether or not the Respondent has any current contracts with the State of Tennessee or has completed any contracts with the State of Tennessee within the previous five (5) year period. If so, provide the following information for all of the current and completed contracts:</p> <ul style="list-style-type: none"> (a) the name, title, telephone number and e-mail address of the State contact knowledgeable about the contract; (b) the procuring State agency name; (c) a brief description of the contract's scope of services; (d) the contract period; and (e) the contract number.
	B.17.	<p>Provide a statement and any relevant details addressing whether the Respondent is any of the following:</p> <ul style="list-style-type: none"> (a) is presently debarred, suspended, proposed for debarment, or voluntarily excluded from covered transactions by any federal or state department or agency; (b) has within the past three (3) years, been convicted of, or had a civil judgment rendered against the contracting party from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; (c) is presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed above; and (d) has within a three (3) year period preceding the contract had one or more public transactions (federal, state, or local) terminated for cause or default.
	B.18.	<p>If the Respondent intends to use a subcontractor to provide custody and processing of investment activity under any contract awarded under this RFP, provide the information requested in Item B.14 above and provide the following additional information:</p> <ul style="list-style-type: none"> (a) The most recent audited annual report of the subcontractor or a recent regulatory report indicating the financial position of the subcontractor.

RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items	
		(b) The length of time the subcontractor has been in business pertaining to the services to be performed by the subcontractor pursuant to this RFP. (c) A description of the subcontractor's technology or the subcontractor's technology capital expenditures over the last 3 years. (d) A description of the respondent's understanding or review of the subcontractor's business continuity plans.	
SCORE (for <u>all</u> Section B—Qualifications & Experience Items above): (maximum possible score = 10)			
<i>State Use – Evaluator Identification:</i>			

RFP ATTACHMENT 6.2. — SECTION C

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION C: TECHNICAL QUALIFICATIONS, EXPERIENCE & APPROACH. The Respondent must address all items (below) and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the response to each item. Each evaluator will use the following whole number, raw point scale for scoring each item:

0 = little value 1 = poor 2 = fair 3 = satisfactory 4 = good 5 = excellent

The Solicitation Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item's Raw Weighted Score for purposes of calculating the section score as indicated.

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
	C.1.	Provide an Executive Summary in sufficient detail to illustrate the Respondent's understanding of the State's service requirements outlined in Section A of the <i>Pro Forma</i> Contract (RFP Attachment 6.5) as supplemented by the additional background information provided in RFP Section 1.1. and of the project requirements and schedule necessary for implementation of the requested services.		10	
	C.2.	Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.2. Operating Procedures, please describe the Respondent's approach to assisting the State in developing and maintaining operating procedures relative to the services requested in this RFP.		10	
	C.3.	Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.5. Account Level Services: 1) Describe the proposed on-line banking system, including features and functionality, security, approach to administration of user access, reporting, etc. Indicate if the maintenance of user account access is performed by the State or by the Respondent. 2) Describe the content, timing, frequency and delivery mechanism of daily & monthly reports or statements of activity to the State, including BAI2 files. Prior day activity must be available to the State prior to 8:00 a.m. for download. Please state whether you would provide this information earlier than 8:00 a.m. on each business day and if so, what time. 3) Describe the content, timing, frequency, and delivery mechanism of the monthly account analysis statements.		10	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		4) Describe what fraud controls the Respondent will provide to the State to protect from fraudulent checks, ACH debits, or any other unauthorized activity from the State's accounts.			
	C.4.	<p>Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.6. Wire Transfer Services.</p> <ol style="list-style-type: none"> 1) Provide a statement demonstrating the Respondent's understanding of the State's requirements to transition to an ISO 20022 interface model for electronic transmission of outgoing domestic and international wire transfer requests. Describe the Respondent's process for implementation and testing including the time frames involved and any resources or technology solutions that must be provided by the State. For the remaining items in this Section C.4., please assume a successful transition to an ISO 20022 electronic transmission where necessary. 2) Describe the proposed business processes for outgoing domestic and international wire transfers as well as incoming wire transfers received. Include how the Respondent would handle foreign currency exchange of US dollars to other currency and vice versa. 3) Specify the time periods available during the day for the State to transmit domestic and international wire transfer requests and to receive incoming wire transfers for same-day settlement. 4) Describe any technology required by the State for the Respondent to perform the wire transfer services specified in Section A.6 of the <i>Pro Forma</i> Contract RFP Attachment 6.5 and outlined in RFP Section 1.1.6. 5) Describe the Respondent's preferred security and internal controls over the wire transfer processes including dual authentication or other secure means of authentication and validation of wire transfer requests. 6) Explain the elapsed time between requesting wires and executed outgoing wire transfers keeping in mind the transaction timing requirements detailed in Section A.5.c. of the <i>Pro Forma</i> Contract (RFP Attachment 6.5). 7) Describe the file communication process, format, and timing for providing data files of all wire transfer activity. 		20	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
	C.5.	<p>Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.7. Automated Clearing House (ACH) Origination Services:</p> <ol style="list-style-type: none"> 1) Describe the Respondent's understanding of the proposed file processing of the State's ACH origination and origination Returns. 2) Provide a statement of whether the State's current ACH origination daily processing timeframes described in Section 1.1.2. of this RFP are acceptable to the Respondent. If they are unacceptable, explain why and provide the alternative timeframes the Respondent proposes, including the latest time available during the day for the State to transmit ACH origination files for next day settlement. 3) Describe any additional requirements and/or time frames for a similar process. However, assume these originations are for same day settlement. 4) Describe the current day report or statement of ACH activity recorded to the Settlement Account and the timing of when it will be accessible by the State keeping in mind the timing requirements detailed in Section A.7.c of the <i>Pro Forma</i> Contract (RFP Attachment 6.5). 5) Describe the Respondent's approach for providing the E-Payment Routing Directory to the State. 6) Describe the business process, required timeframes, and the timing of settlement associated with the State's requests made to the Respondent for origination reversals, deletions, letters of indemnity, trace requests, etc. and describe the process when those items may be dishonored or rejected. 7) Describe the Respondent's ability to provide separate NACHA formatted origination return files as needed for distribution to specific state agencies. 8) If the State elects to have the winning Respondent process international ACH originations on behalf of the State, describe any additional steps that would be necessary to process those originations. 		100	
	C.6.	<p>Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.7. Automated Clearing House (ACH) Receipt Services:</p>		50	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		<ol style="list-style-type: none"> 1) Provide a statement demonstrating the Respondent's understanding relative to processing of the State's ACH Receipts. Include the Respondents responsibilities regarding the Routing Number Board and the unique routing number the State utilizes for ACH Receipts. 2) Describe the Respondent's ability to process the State's ACH receipts and to fulfill its role as the State's ACH RDFI utilizing the State's specific RTN and the State's preassigned ACH account numbers. 3) Provide a statement of whether the State's current ACH Receipts daily processing timeframes described in Section 1.1.3.3. of this RFP are acceptable to the Respondent. If they are unacceptable, explain why and provide the alternative timeframes the Respondent proposes, as well as any additional concerns or suggestions you would make regarding this process. 4) Describe the Respondent's ability to provide separate NACHA formatted receipt files as needed for distribution to specific state agencies under the State's unique routing number. 			
	C.7.	<p>Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.8. Settlement of State Checks, In-clearing Items and Related FRB Service Fees:</p> <ol style="list-style-type: none"> 1) Provide a statement demonstrating the Respondent's understanding regarding the issuance, presentment, clearing and settlement of checks issued by the State. Specifically include the State's unique Routing Number and Preassigned Accounts. 2) Describe the Respondent's timing, communication and posting of the daily FRB activity to the State. 3) Describe the Respondent's ability to process and maintain a Positive Pay database on the Respondent's systems for the State's preassigned account numbers. 4) Describe the process for accepting and updating issue and cancel files daily, including any important timeframes, and if you can accommodate custom business rules. 		30	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		5) Describe the daily activity reporting that would be available to the State. 6) Describe the process for voiding a single issue manually as well as voiding multiple issues systematically such as an annual write-off. 7) The State needs to provide customized output files for individual accounts. Describe your ability to provide these output files on a daily, monthly, annual basis.			
	C.8.	Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.9. Image Cash Letter (ICL) Check Deposit Services: 1) Describe the Respondent's business processes for accommodating the State's ICL deposits, file and item reject notifications, ICL deposit item chargebacks (returns) and supplying a Return Cash Letter and the ability to provide an electronic "Return Image Cash Letter". 2) Describe the volume limits on the number of check items per ICL file. 3) State the latest time that ICL cash letter deposits may be provided to the Respondent for same day ledger credit (credit will appear on the following day's bank statement for the previous day). 4) Provide a list of the ineligible check types for Image Cash Letter processing.		30	
	C.9.	Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.10. Custodial Services: 1) Describe how the Respondent will meet the requirements for Custodial Services as described in RFP Section 1.1.4. and in Section A.10 of the <i>Pro Forma</i> Contract (RFP Attachment 6.5) Include in this description the process the Respondent typically follows for accepting trade orders, reporting on trade activity, and managing the cash flow to and from the investment account. 2) Provide a statement regarding whether the Respondent can provide enhanced custody and reporting services including enhanced reporting and forecasting, accrual accounting, performance, and compliance either directly or through the services of a third party. If through a third-party vendor, please be sure they are referenced accordingly in Section B.14. of RFP		100	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		<p>Attachment 6.2., Section B, General Qualifications & Experience above.</p> <p>3) Provide a statement that the Respondent will, in lieu of or in addition to providing a full slate of custody services described in RFP Section 1.1.4., work with the State and another custodian bank to provide a daily investment activity interface file for all portfolios held in custody with the Respondent.</p> <p>4) Describe the Respondent's preferred methods for receiving trade instructions and the available options to the State. Please include if you can accept instructions via SWIFT.</p> <p>5) Please provide examples of reports or screen shots of the system that would be available to the State in the provision of custodial services.</p>			
	C.10.	<p>Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.12. Alternative Payment Consulting and Implementation Services:</p> <p>1. Describe the Respondent's approach to providing and supporting government clients in the digital and faster payments space. Include the number of years you have been providing these services for public and private clients as well as some of the characteristics that you believe distinguish or are similar between them.</p> <p>2. Describe your product(s) for digital and faster payments, include product features, capabilities, technologies involved, user interfaces, and any other information that would support a proposed solution that would meet the needs of the State's citizens and its agencies.</p> <p>3. Describe what distinguishes your products and services in this space.</p> <p>4. Describe your ability to integrate with different systems and technologies. Provide a proposed project plan and/or an outlined approach to gathering the information, requirements, and stakeholder feedback for a successful implementation.</p> <p>5. Describe a typical timeline for implementation once information gathering and consulting are concluded. Please include any relevant distinguishing characteristics of governmental clients as well as a training plan, ongoing user support plan and system maintenance plans.</p>		30	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		<p>6. Define what a typical government client may need to do, change, or enact to transition from traditional payment structures to a digital or faster payment structure.</p> <p>7. Describe whether the services offered are proprietary and/or if the State can successfully transition to another financial institution with minimal effort should the need arise.</p>			
	C.11.	<p>Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.11. Special Investment Account:</p> <ol style="list-style-type: none"> Describe the Respondent's approach to providing the investment account described in RFP Section 1.1.5. and in Section A.11 of the <i>Pro Forma</i> Contract (RFP Attachment 6.5). Provide a statement regarding whether the Respondent can provide a rate or return that is indexed to a market defined rate such as the Fed Funds Target Rate and specify the preferred market index. <p>***DO NOT QUOTE THE SPECIFIC RATE IN THIS TECHNICAL PROPOSAL ***</p>		20	
	C.12.	Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.13. Maintenance of Settlement and Special Investment Account Balance, the net debit intraday cap for the combined Settlement Account and, if applicable the Special Investment Account, cannot be lower than \$150 million. Specify whether the Respondent will offer a higher cap and if so, the amount.		10	
	C.13.	Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.14. Secure Communications Method for Data Transfer, provide a detailed description of the Respondent's preferred approach to a secure communications method for Wire Transfer, ACH, Custody and ICL services.		20	
	C.14.	<p>Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract, Section A.15. Business Continuity and Disaster Recovery Plan:</p> <ol style="list-style-type: none"> Provide a comprehensive discussion, in as much detail as practical, of the Respondent's approach to business continuity and disaster recovery. Include in that description any requirements the State might have in the event of a service disruption. Describe the Respondents preferred communications and support plan. Detail 		20	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		whether the Respondent has a tiered support structure granting higher priorities to specific tiers and what differentiates them.			
	C.15.	Regarding RFP Attachment 6.5 Pro Forma Contract, Section A.20. Check Cashing/Dispensing and Automated Teller Machine, describe the options available to meet the State's requirement for check cashing/dispensing and automated teller machine services as described in Section A.20 of RFP Attachment 6.5 Pro Forma Contract and further defined in Section 1.1.10.		5	
	C.16.	Regarding RFP Attachment 6.5 <i>Pro Forma</i> Contract Section A.15., Business Continuity, Disaster Recovery, and Risk Mitigation: <ol style="list-style-type: none"> 1. Provide a statement as to whether the Respondent is designated as a Systemically Important Financial institution (SIFI) as determined by the Financial Stability Oversight Council (FSOC). 2. Provide a statement demonstrating the Respondent's understanding of the State's division of services between the Distribution Bank and the Concentration Bank as described in RFP Section 1.1.11. Include services which would be necessary at both banks. 3. Provide a statement that the Respondent can perform all services as requested in this RFP Attachment 6.5 Pro Forma Contract Section A Scope of Services and further described in Section 1.1 Statement of Procurement Purpose. 4. Describe the Respondent's preference for either the Distribution Bank or the Concentration Bank and provide justification. 5. Describe the Respondent's understanding of the annual requirements for service transition exercises and preparation. Note that services can be transitioned at the sole discretion of the State in the event of a service disruption or other event. 		50	
	C.17.	<ol style="list-style-type: none"> 1. Provide a narrative that illustrates how the Respondent will manage the project. Include how the Respondent will address any necessary conversion, ensure operational readiness, and accomplish the required objectives. 2. Describe how testing and verification will be accomplished prior to deployment to production. NOTE: that the State has final approval on the implementation of any service. 		20	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		3. Describe how the Respondent will adhere to the State's project schedule, assuming: (i) a conversion process of the State's current services commencing on the Effective Date of the contract as defined in Section B of the <i>Pro Forma</i> Contract (RFP Attachment 6.5), and (ii) the services being transitioned to the successful Respondent 90 days after the effective date of the contract, unless otherwise indicated in the RFP or Pro Forma Contract. Include estimated timeframes for implementing each service category.			
<i>The Solicitation Coordinator will use this sum and the formula below to calculate the section score. All calculations will use and result in numbers rounded to two (2) places to the right of the decimal point.</i>					Total Raw Weighted Score: <i>(sum of Raw Weighted Scores above)</i>
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> Total Raw Weighted Score <hr style="width: 40%; margin: 0 auto;"/> Maximum Possible Raw Weighted Score <i>(i.e., 5 x the sum of item weights above)</i> </div> <div style="text-align: center;"> X 50 <i>(maximum possible score)</i> </div> <div style="text-align: center;"> = SCORE: </div> </div>					
<i>State Use – Evaluator Identification:</i>					
<i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i>					

RFP ATTACHMENT 6.2.— SECTION D

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION D: ORAL PRESENTATION. The Respondent must address ALL Oral Presentation Items (below).

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the oral presentation response to each item. Each evaluator will use the following whole-number, raw point scale for scoring each item:

0 = little value

1 = poor

2 = fair

3 = satisfactory

4 = good

5 = excellent

The Solicitation Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item's raw, weighted score for purposes of calculating the section score as indicated.

RESPONDENT LEGAL ENTITY NAME:			
Oral Presentation Items		Item Score	Raw Weighted Score
D.1.	Demonstration of reporting capabilities for main account activity/settlement		
D.2.	Demonstration of capabilities for Check Item Adjustment, i.e., returns, adjustments, positive pay		
D.3.	Demonstration of Custody capabilities, i.e., trade processing, reporting, detail accrual accounting, performance, etc.		
Total Raw Weighted Score (<i>sum of Raw Weighted Scores above</i>): The Solicitation Coordinator will use this sum and the formula below to calculate the score. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.			
total raw weighted score maximum possible raw weighted score <i>(i.e., 5 x the sum of item weights above)</i>			= SCORE:
X 10 <i>(maximum section score)</i>			
<i>State Use – Evaluator Identification:</i>			
<i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i>			

RFP ATTACHMENT 6.3.**COST PROPOSAL & SCORING GUIDE****NOTICE: THIS COST PROPOSAL MUST BE COMPLETED EXACTLY AS REQUIRED**

COST PROPOSAL SCHEDULE— The Cost Proposal, detailed below, shall indicate the proposed price for goods or services defined in the Scope of Services of the RFP Attachment 6.5., *Pro Forma* Contract and for the entire contract period. The Cost Proposal shall remain valid for at least one hundred twenty (120) days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract resulting from this RFP. All monetary amounts shall be in U.S. currency. Proposed prices shall not be limited with respect to the number of places to the right of the decimal point.

Proposed percentage rate fees shall be interpreted as if preceding a percentage sign (%); for example, .05 percent would be proposed as .05, NOT .0005. One basis point (bp) would be proposed as .01.

NOTICE: The Evaluation Factor associated with each cost item is for evaluation purposes only. The evaluation factors do NOT and should NOT be construed as any type of volume guarantee or minimum purchase quantity. The evaluation factors shall NOT create rights, interests, or claims of entitlement in the Respondent.

Notwithstanding the cost items herein, pursuant to the second paragraph of the *Pro Forma* Contract section C.1. (refer to RFP Attachment 6.5.), "The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract."

This Cost Proposal must be signed, in the space below, by an individual empowered to bind the Respondent to the provisions of this RFP and any contract awarded pursuant to it. If said individual is not the *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to legally bind the Respondent. An electronic or facsimile signature, as applicable, is acceptable.

RESPONDENT SIGNATURE:	
PRINTED NAME & TITLE:	
DATE:	
RESPONDENT LEGAL ENTITY NAME:	

RFP ATTACHMENT 6.3. (continued)

	Proposed Cost							State Use Only		
Cost Item Description	January. 1, 2024 – December 31, 2024	January. 1, 2025 – December 31, 2025	January. 1, 2026 – December 31, 2026	January. 1, 2027 – December 31, 2027	January. 1, 2028 – December 31, 2028	January. 1, 2029 – December 31, 2029	January. 1, 2030 – December 31, 2030	Sum	Evaluation Factor	Evaluation Cost (Sum x Factor)
1. Account Level Services (per RFP Attachment 6.5, Pro Forma Contract, Sections A.5)										
Monthly Maintenance Per Account	\$ /Per Month	\$ /Per Month	\$ /Per Month	\$ /Per Month	\$ /Per Month	\$ /Per Month	\$ /Per Month		5	
2. Wire Transfer Services (per RFP Attachment 6.5., Pro Forma Contract, Section A.6)										
Outgoing Domestic Wire	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		250	
Incoming Domestic Wire	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		500	
Outgoing International Wire	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		10	
Incoming International Wire	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		5	
Internal Bank Transfers	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		100	
3. Automated Clearing House (ACH) Services (per RFP Attachment 6.5., Pro Forma Contract, Section A.7)										
ACH Receipt Entries	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		500,000	

RFP ATTACHMENT 6.3. (continued)

Cost Item Description	Proposed Cost							State Use Only		
	January. 1, 2024 – December 31, 2024	January. 1, 2025 – December 31, 2025	January. 1, 2026 – December 31, 2026	January. 1, 2027 – December 31, 2027	January. 1, 2028 – December 31, 2028	January. 1, 2029 – December 31, 2029	January. 1, 2030 – December 31, 2030	Sum	Evaluation Factor	Evaluation Cost (Sum x Factor)
ACH Origination Entries (next day)	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		1,500,000	
ACH Origination Entries (same day)	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		250,000	
Notification of Change and Returns	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		1,000	
Manual Receipt Returns	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		100	
Origination Reversals	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		1,000	
ACH Distribution Files	\$ /File	\$ /File	\$ /File	\$ /File	\$ /File	\$ /File	\$ /File		100	
4. Image Cash Letter (ICL) Check Deposit Services (per RFP Attachment 6.5., <i>Pro Forma</i> Contract, Section A.9)										
ICL Check Item Deposit (Includes Front & Back of Image)	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		3,000	
ICL Return Deposit Item on Daily Return Files	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each	\$ /Each		100	
5. Custody Services (per RFP Attachment 6.5., <i>Pro Forma</i> Contract, Section A.10)										

RFP ATTACHMENT 6.3. (continued)

	Proposed Cost							State Use Only		
Cost Item Description	January. 1, 2024 – December 31, 2024	January. 1, 2025 – December 31, 2025	January. 1, 2026 – December 31, 2026	January. 1, 2027 – December 31, 2027	January. 1, 2028 – December 31, 2028	January. 1, 2029 – December 31, 2029	January. 1, 2030 – December 31, 2030	Sum	Evaluation Factor	Evaluation Cost (Sum x Factor)
<p>Complete each cell with a proposed percentage amount (this percent will be multiplied by the average daily balance of each investment custody account held during the month for which the compensation relates, divided by 360 days, multiplied by the actual number of days in the month).</p> <p>NOTE: Proposed percentage rates shall be interpreted as preceding a percentage sign (%); for example, 0.05% would be interpreted as .0005. One basis point would be proposed as .01%.</p>	____%	____%	____%	____%	____%	____%	____%	____%	30 billion	
6. Special Investment Account (per RFP Attachment 6.5., <i>Pro Forma</i> Contract, Section A.11.										

RFP ATTACHMENT 6.3. (continued)

Cost Item Description	Proposed Cost							State Use Only		
	January. 1, 2024 – December 31, 2024	January. 1, 2025 – December 31, 2025	January. 1, 2026 – December 31, 2026	January. 1, 2027 – December 31, 2027	January. 1, 2028 – December 31, 2028	January. 1, 2029 – December 31, 2029	January. 1, 2030 – December 31, 2030	Sum	Evaluation Factor	Evaluation Cost (Sum x Factor)
<p>Percentage Federal Funds Target Upper Rate Adjustment</p> <p>Specify the percentage (-) decrease or (+) increase adjustment to the Federal Funds Target Upper Rate as set from time to time by the Federal Open Market Committee (FOMC); daily interest credit is calculated by multiplying each day's rate in effect, +/- the proposed percentage, by the invested balance amount that day, divided by 365. The aggregate of each day's interest during a calendar month will be credited to the Settlement Account monthly the first day of each month. Be sure to include the +/- sign before the proposed percentage. Proposed rates will be interpreted as if preceding a percentage sign (%); for example, -0.05% would be interpreted as -0.0005. Minus one basis point would be proposed as - 0.01%.</p>	____%	____%	____%	____%	____%	____%	____%	____%	300 million	
7. Optional Gold and Other Precious Metal Storage Services (per RFP Attachment 6.5., <i>Pro Forma</i> Contract, Section A.19.)	\$ /Per Month	\$ /Per Month	\$ /Per Month	\$ /Per Month	\$ /Per Month	\$ /Per Month	\$ /Per Month	\$ /Per Month	1	
8. Alternative Payment Consulting Services (per RFP Attachment 6.5., <i>Pro Forma</i> Contract, Section A.12.)	\$ /Per Hour	\$ /Per Hour	\$ /Per Hour	\$ /Per Hour	\$ /Per Hour	\$ /Per Hour	\$ /Per Hour	\$ /Per Hour	1,000	

RFP ATTACHMENT 6.3. (continued)

	Proposed Cost							State Use Only		
Cost Item Description	January. 1, 2024 – December 31, 2024	January. 1, 2025 – December 31, 2025	January. 1, 2026 – December 31, 2026	January. 1, 2027 – December 31, 2027	January. 1, 2028 – December 31, 2028	January. 1, 2029 – December 31, 2029	January. 1, 2030 – December 31, 2030	Sum	Evaluation Factor	Evaluation Cost (Sum x Factor)
9. Check Processing Services (per RFP Attachment 6.5., <i>Pro Forma</i> Contract, Section A.8)	\$ /Per Item Cleared	\$ /Per Item Cleared	\$ /Per Item Cleared	\$ /Per Item Cleared	\$ /Per Item Cleared	\$ /Per Item Cleared	\$ /Per Item Cleared	\$ /Per Item Cleared	55,000	
The Solicitation Coordinator will sum the Evaluation Cost numbers and use the formula below to calculate the Cost Proposal Score. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.									Maximum Score	Evaluated Score (ratio x score)
<div style="text-align: center;"> lowest evaluation cost amount from all proposals <hr style="width: 50%; margin: 10px auto;"/> Evaluation cost amount being evaluated </div>									30	
State Use – Solicitation Coordinator Signature, Printed Name & Date:										

RFP ATTACHMENT 6.4

SCORE SUMMARY MATRIX

	RESPONDENT NAME		RESPONDENT NAME		RESPONDENT NAME	
GENERAL QUALIFICATIONS & EXPERIENCE (maximum: 10)						
EVALUATOR NAME						
EVALUATOR NAME						
EVALUATOR NAME						
	AVERAGE:		AVERAGE:		AVERAGE:	
TECHNICAL QUALIFICATIONS, EXPERIENCE & APPROACH (maximum: 50)						
EVALUATOR NAME						
EVALUATOR NAME						
EVALUATOR NAME						
	AVERAGE:		AVERAGE:		AVERAGE:	
ORAL PRESENTATION – RESPONDENT FINALISTS (maximum: 10)						
EVALUATOR NAME						
EVALUATOR NAME						
EVALUATOR NAME						
	AVERAGE:		AVERAGE:		AVERAGE:	
COST PROPOSAL – RESPONDENT FINALISTS (maximum: 30)	SCORE:		SCORE:		SCORE:	
TOTAL RESPONSE EVALUATION SCORE: (maximum: 100)						
Solicitation Coordinator Signature, Printed Name & Date:						

RFP # 30901-56624 *PRO FORMA* CONTRACT

The *Pro Forma* Contract detailed in following pages of this exhibit contains some “blanks” (signified by descriptions in capital letters) that will be completed with appropriate information in the final contract resulting from the RFP.

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
TREASURY DEPARTMENT
AND
[CONTRACTOR NAME]**

This Contract, by and between the State of Tennessee, Treasury Department ("State") and [CONTRACTOR LEGAL ENTITY NAME] ("Contractor"), is for the provision of State Cash Management and Banking Services, as further defined in the "SCOPE." State and Contractor may be referred to individually as a "Party" or collectively as the "Parties" to this Contract.

The Contractor is [A/AN INDIVIDUAL, FOR-PROFIT CORPORATION, NON-PROFIT CORPORATION, SPECIAL PURPOSE CORPORATION OR ASSOCIATION, PARTNERSHIP, JOINT VENTURE, OR LIMITED LIABILITY COMPANY]

Contractor Place of Incorporation or Organization: [LOCATION]

Contractor Edison Registration ID # [NUMBER]

A. SCOPE OF SERVICES:

- A.1. The Contractor shall provide all goods or services and deliverables as required, described, and detailed below and shall meet all service and delivery timelines as specified by this Contract.
- A.2. Operating Procedures. The Contractor shall assist the State in developing written Operating Procedures for the Contractor's performance of each of the banking services set forth herein, in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2 of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Once developed, said Procedures shall be considered a part of this Contract as though fully set forth herein and the Contractor shall perform such services in accordance with the Operating Procedures, this Contract and the documents described in Section D.31 below. Said Procedures may be amended in writing from time to time by mutual agreement of the Parties. The Parties agree to amend the Operating Procedures should any changes be necessary to comply with any applicable State or Federal laws or regulations specifically relating to the services hereunder.
- A.3. Times of Day. All times of day referred to throughout this Contract shall be Central Standard or Daylight Savings Time, as applicable.

[IF SELECTED AS THE CONCENTRATION BANK AS PROVIDED IN RFP SECTION 1.1.11.3, *PRO FORMA* CONTRACT SECTION A.4 WILL READ AS FOLLOWS]

- A.4. Services In General. The State has secured this and one additional contract for multiple banking, treasury management and custody services relative to the State Treasurer's responsibility for securing public funds, coordinating the banking activities for the State, and managing the State Pooled Investment Fund (SPIF) as set forth in this Contract. These services have been split between this Contract (Concentration Bank Contract) and the other contract (Distribution Bank Contract). The purpose of this service split is to provide the State with risk mitigation and redundancy in cash management and banking services if the State determines it necessary to transition the services from one bank to the other due to a service disruption or other event. Consequently, upon written notification to the Contractor by the State, the Contractor shall provide ALL services under this Contract. Until such notification, the Contractor shall provide the following services and be subject to the applicable provisions of Sections A.13 – A.18, and Sections A.21 – A.27:
- (1) Account Level Services set forth in Section A.5.;
 - (2) Wire Transfer Services described in Section A.6.a, - A.6.e.;
 - (3) Automated Clearing House (ACH) Receipts Services described in Section A.7.;
 - (4) State of Tennessee Issued Check Items, In-clearing Items and Related FRB Service fees described in Section A.8.;
 - (5) Image Cash Letter (ICL) Deposit Services described in Section A.9.;
 - (6) Special Investment Account Services described in Section A.11.; and

- (7) Optional Check Cashing/Dispensing and Automated Teller Machine Services described in Section A.20.

The Contractor agrees to support the State in coordinating with the bank performing the services under the Distribution Bank Contract. The Contractor also agrees to meet at least annually with the State to discuss and prepare for the transfer of any services as determined by the State. The decision to transfer any services shall be determined solely by the State in the event of a service disruption or other event.

[IF SELECTED AS THE DISTRIBUTION BANK AS PROVIDED IN RFP SECTION 1.1.11.4, *PRO FORMA CONTRACT SECTION A.4 WILL READ AS FOLLOWS*]

- A.4. Services In General. The State has secured this and one additional contract for multiple banking, treasury management and custody services relative to the State Treasurer's responsibility for securing public funds, coordinating the banking activities for the State, and managing the State Pooled Investment Fund (SPIF) as set forth in this Contract. These services have been split between this Contract (Distribution Bank Contract) and the other contract (Concentration Bank Contract). The purpose of this service split is to provide the State with risk mitigation and redundancy in cash management and banking services if the State determines it necessary to transition the services from one bank to the other due to a service disruption or other event. Consequently, upon written notification to the Contractor by the State, the Contractor shall provide ALL services under this Contract. Until such notification, the Contractor shall provide the following services and be subject to the applicable provisions of Sections A.13 – A.18, and Sections A.21 – A.27:

- (1) Account Level Services set forth in Section A.5.;
- (2) Automated Clearing House (ACH) Origination Services described in Section A.7.;
- (3) Custodial Services described in Section A.10.;
- (4) Special Investment Account Services described in Section A.11.;
- (5) Alternative Payment Consulting and Implementation Services described in Section A.12.;
- (6) Optional Gold and Other Precious Metal Storage Services described in Section A.19.;
- (7) Limited Wire Transfer Services described in Section A.6.f. for daily net settlement purposes with the Concentration Bank.

The Contractor agrees to support the State in coordinating with the bank performing the services under the Concentration Bank Contract. The Contractor also agrees to meet at least annually with the State to discuss and prepare for the transfer of any services as determined by the State. The decision to transfer any services shall be determined solely by the State in the event of a service disruption or other event.

A.5. Account Level Services.

- a. Establishment of Account. The Contractor shall establish and maintain a bank account in the name of the State for the State's transaction activity described in Sections A.6., A.7, and A.8 (the "Settlement Account").
- b. Account Balances. The Contractor agrees the State will receive earnings credit for the Settlement Account's average daily balance at the earnings rates determined from the rate adjustments proposed for each contract period, in accordance with the Contractor's Proposal for Item 6 of RFP Attachment 6.3, Special Investment Account Earnings Rate. If the Settlement Account is not also used for purposes of maintaining the State's excess balances in a Deposit Account as defined in Section A.11. below, the earnings allowances on the Settlement Account shall be used to offset compensation payable to the Contractor pursuant to Section C of this Contract; and in the event the average collected balance for the month in the Settlement Account is negative, except for negative balances due to Contractor transaction posting errors or delays, the State agrees to pay a service charge which shall be the equivalent of the effective average Federal Funds rate plus 25 basis points multiplied by the negative collected balance divided by 12.
- c. Collateral Level. Any funds remaining in the Settlement Account overnight shall be collateralized in accordance with the Collateral Pool for Public Deposits Act of 1990, which is codified in Tennessee Code Annotated, Title 9, Chapter 4, Part 5.

d. Bank Statements.

(1) Daily. By 8:00 a.m. on each business day or by such earlier time as may be specified on pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.3. of RFP ATTACHMENT 6.2] of the Contractor's Proposal, the Contractor shall make available to the State via electronic access as provided in Section A.5.f. below, bank account statements of all transactions recorded against the Settlement Account for the previous business day. The bank account statements shall be in both BAI and text formats, and downloadable to commonly used spreadsheet applications such as Microsoft Excel. The content, timing, and delivery of the bank statement shall be as further described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.3. of RFP ATTACHMENT 6.2] of the Contractor's Proposal. The daily statement shall include, at a minimum, the previous day's beginning balance, the previous day's ending balance, the total number of debits and credits, the total dollar amount of debits and credits as well as transactions posted against the Settlement Account on the previous day. In addition, the Contractor shall make available to the State via electronic access as provided in Section A.5.f. below, all transaction activity recorded against the Settlement Account throughout the current business day in text format and downloadable to commonly used spreadsheet applications such as Microsoft Excel. The content, timing, frequency and delivery of the current day report or statement shall be as further described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.3. of RFP ATTACHMENT 6.2] of the Contractor's Proposal.

(2) Monthly. On a monthly basis, the Contractor shall make available to the State via electronic access as provided in Section A.5.f. below, a statement of the Settlement Account activity for the preceding calendar month as described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.3. of RFP ATTACHMENT 6.2] of the Contractor's Proposal. The statement shall include, at a minimum, beginning and ending ledger balances for the month, debit and credit transaction detail and a summary of account activity. Such statement shall be made available within five (5) business days from the calendar month-end.

e. Account Analysis Statement. At the close of each month and by the fifth business day of the following month, the Contractor shall make available to the State via electronic access as provided in Section A.5.f. below, a Settlement Account analysis statement as described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.3. of RFP ATTACHMENT 6.2] of the Contractor's Proposal.

f. On-line Banking, Reporting and Account Access. The Contractor shall provide State designated users with a single-point-of-access to all statements, data, information, reports, files, and transactions requested under this service category through a secured, robust, web-based banking application having capabilities for segregating various administrative functions, such as designating different users to perform account transfer transaction initiation and others to perform statement download and reporting functions. The Contractor's on-line banking, reporting and account access application will be as further described on pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.3. of RFP ATTACHMENT 6.2] of the Contractor's Proposal.

g. Customer Service. The Contractor will maintain a system of customer service that is readily available and capable of responding immediately to the State on matters relating to its accounts and services during normal business hours. In addition, the Contractor will maintain a primary account relationship officer who is available to meet locally with the State at the State Treasury Department offices in Nashville, Tennessee. The Contractor agrees that such relationship officer will retain familiarity with the State's accounts and services and be capable of coordinating the necessary resources within the Contractor's organization to address the State's needs in matters concerning the State's accounts and services under this Contract.

A.6. Wire Transfer Services.

- a. Transition of Services. The State has determined to transition Wire Transfer Services from the current batch file process to utilizing an industry standard ISO20022 model for electronic transmissions of outgoing Domestic and International wire transfers. The State and the Contractor will initiate a project for transition to include requirements gathering, development and testing of the transmission and receipt of the State's wire transfer requests, as well as written and agreed upon procedures pursuant to Section A.2. above. The timeline for implementation will be at the sole discretion of the State and shall not exceed 12 months from the Effective Date of this Contract.
- b. Communication Process. Outgoing wire transfer requests made by the State shall be transmitted to the Contractor throughout each business day. The Contractor shall accept and process such outgoing wire transfer requests on behalf of the State, and provide a confirmation of each outgoing wire transfer. The Contractor shall provide both incoming and outgoing wire transfer activity files to the State throughout the business day via the industry standard secure connection established by the Contractor as provided in Section A.14 below and in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.4. of RFP ATTACHMENT 6.2] of the Contractor's Proposal, and in accordance with the Operating Procedures developed pursuant to Section A.2 above. The Contractor shall provide a communication process for the State to securely and timely request international outgoing wire transfers where either the U.S. dollar amounts need to be converted to a foreign currency, or certain foreign currency amounts need to be converted to U.S dollars. Such communication process for international outgoing wire transfer requests shall enable the State to access timely and accurate information for conversion of the foreign currency amount to the U.S dollar amount when necessary for the wire request and shall be in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.4. of RFP ATTACHMENT 6.2] of the Contractor's Proposal, and in accordance with the Operating Procedures developed pursuant to Section A.2 above.
- c. Transaction Timing. The Contractor shall accept communication of outgoing wire transfer instructions each business day by no later than 7:30 a.m. and ending no earlier than 4:00 p.m. for same day settlement. No more than thirty (30) minutes shall elapse between the receipt of outgoing wire transfer instructions by the Contractor and the corresponding confirmation to the State of the transfer of funds, except when either (i) the Federal Reserve Wire Transfer System is inoperable, (ii) the State has reached its net debit position referred to in Section A.13 hereof, or (iii) when the State, at the Contractor's written request, has delivered to the Contractor a written waiver thereof. If the Contractor's attempt to execute the transfer of funds fails, the Contractor shall notify the State by telephone at the time the Contractor is made aware of such failure. All incoming wires received by the Contractor in proper format shall be posted to the State's Settlement Account within thirty (30) minutes of the Contractor's receipt of the same.
- d. Transaction Processing. All outgoing and incoming wire transfers transacted on behalf of the State shall be processed and confirmed by the Contractor in the same manner as provided above regardless of the payee or payor. If the Contractor must make any modification to outgoing wire transfer instructions to accommodate delivery to the proper party, the Contractor shall notify the State within twenty-four (24) hours of the changes made. For wires received by the Contractor that are not in proper format, every effort shall be made by the Contractor to post the wires to the State's Settlement Account on the date of receipt in accordance with Tennessee Code Annotated, Section 47-4A-207.
- e. Risk Control, Fraud Mitigation and Recovery. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to reduce erroneous or fraudulent wire transfer activities. The Contractor shall further maintain a robust, alternate wire transfer service resumption plan, which addresses events affecting the Contractor's site, the State's Data Center, and the State's offices. Such risk control procedures and service resumption plan shall be developed by the Contractor and the State and shall be included in the Operating Procedures described in Section A.2 above.
- f. Limited Wire Transfer Services. The State and the Contractor will agree upon a process to execute one or more daily net settlement wires with the Concentration Bank. The process may

include the use of the Contractor's online system, an interface such as the one described in A.6.a above, or another process agreed upon by both Parties. The process shall be included in the Operating Procedures described in Section A.2. above.

A.7. Automated Clearing House (ACH) Services.

- a. Communication and Confirmation Process. The Contractor shall accept and process ACH activity on behalf of the State and settle the same with the Federal Reserve Bank, or with other settlement partners, in accordance with applicable rules and regulations governing the ACH Network. Data files containing ACH origination entries shall be authorized and delivered by the State to the Contractor, and data files containing ACH receipts, origination returns, and corrections entries, as well as the ACH E-Payment Routing Directory, shall be delivered by the Contractor to the State, via the industry standard secure connection established by the Contractor as provided in Section A.14 below, in the format and at the times specified in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.5. and C.6. of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Detailed procedures for this process shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- b. Communications of State-initiated Reversals and Corrections. The Contractor shall provide the State with a procedure to request the deletion or reversal of ACH origination entries after they are transmitted to the Contractor and shall provide the State with procedures to request the return of ACH receipt entries and dishonor of return entries, in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.5. and C.6. of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Detailed procedures for these processes shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- c. Settlement of ACH. The Contractor shall serve as the Receiving Depository Financial Institution (RDFI) in processing and settling the State's ACH receipts activity. The Contractor shall serve as the Originating Depository Financial Institution (ODFI) for the State's ACH origination activity. The ACH data files referenced in Section A.7.a above shall provide the ACH entries included in the amounts posted to and settling on the State's Settlement Account that day. The Contractor shall provide or make available to the State a current day report or statement that enables the State to balance the ACH activity posting to the Settlement Account each day, and includes all ACH activity recorded against the Settlement Account throughout the current day, beginning no later than 8:00 a.m. and as described on pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.5. and C.6. of RFP ATTACHMENT 6.2] of the Contractor's Proposal.
- d. File Retransmission. The Contractor shall retain ACH data transmission files for a rolling thirty-day period. Should the State need an ACH receipts, returns and corrections file retransmitted for any reason, the Contractor shall retransmit the same within twenty-four (24) hours of the State's request so long as such file is still retained on the Contractor's system.
- e. ACH Receipts Processing. The Contractor shall act as the RDFI in processing and settling the State's ACH receipts and related activity through the Federal Reserve Bank and the ACH network. In this capacity, the Contractor shall perform all processing functions and responsibilities of the RDFI under NACHA Rules, including, but not limited to, screening of International ACH Transactions (IAT) and associated Office of Foreign Assets Control (OFAC) compliance. Detailed procedures relative to ACH receipts processing shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- f. Same Day Settlement. The Contractor shall process for the State Same Day settlement items for (i) ACH Originations and (ii) ACH receipts in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.5. and C.6.] of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Detailed procedures for this process shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- g. Risk Control, Fraud Mitigation and Recovery. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to

reduce erroneous or fraudulent ACH transfer activities. The Contractor shall further maintain a robust, alternate ACH service resumption plan, which addresses events affecting the Contractor's site, the State Data Center, and the State's offices. Such risk control procedures and service resumption plan shall be developed by the Contractor and the State and shall be included in the Operating Procedures described in Section A.2 above.

A.8. Settlement of State Issued Checks, In-clearing Items and Related FRB Service Fees.

- a. Presentment Point for the State. The Contractor shall serve as presentment and settlement point for all State checks issued under the TR number registered to the State by the Routing Number Board. In addition, the Contractor will settle all in-clearing and return cash letter items, related adjustments, and service fees of the Federal Reserve Bank for the State. Said presentments will be posted to the Settlement Account in aggregate as defined in Section A.5.a above and will be reported to the State in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.7. of RFP ATTACHMENT 6.2] of the Contractor's Proposal, and in accordance with the current Federal Reserve Bank operating procedures relative to such items. The Contractor shall communicate the FRB cash letter amounts to the State by 1:00 p.m. each banking day for the State to balance to its system's update of the daily warrant and check payment files provided directly to the State by the Federal Reserve Bank.
- b. Check Processing Services. The Contractor shall perform additional services required to successfully process the State's check items on behalf of the State, which shall include but may not be limited to Check21 cash letter adjustments, returns processing, forgery services, short term file archive, and positive pay processing for all accounts under the State's registered TR number. Detailed procedures for these processes shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- c. Risk Control, Fraud Mitigation and Recovery. The Contractor agrees that checks shall settle at the aggregate level against the routing transit number that is assigned to the State by the Routing Number Board. The Contractor agrees that no individual negotiable items such as checks, warrants, ACH, or other in-clearing entries will settle against the State's Settlement Account. The Contractor shall provide and maintain a monitoring service that will reject any individual check, warrant or ACH negotiable item from settling in the Settlement Account as defined in Section A.5.a above. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to reduce erroneous or fraudulent check clearing activities. The Contractor shall further maintain a robust, alternate check clearing service resumption plan, which addresses events affecting the Contractor's site, the State's Data Center, and the State's offices. Such risk control procedures and service resumption plan shall be developed by the Contractor and the State and shall be included in the Operating Procedures described in Section A.2 above.
- d. File Retransmission. The Contractor shall retain ICL data transmission files for a rolling thirty-day period. Should the State need an ICL returns file retransmitted for any reason, the Contractor shall retransmit the same within twenty-four (24) hours of the State's request so long as such file is still retained on the Contractor's system.

A.9. Image Cash Letter (ICL) Check Deposit Services.

- a. Communication and Confirmation Process. The Contractor shall accept, process, and confirm Image Cash Letter (ICL) check deposit activity from the State, and shall send related return files to the State via the industry standard secure connection established by the Contractor as provided in Section A.14 below and in the format and at the times specified in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.8. of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Detailed procedures for this process shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- b. Account Maintenance. The Contractor shall designate and maintain separate depository accounts for the settlement of activity associated with ICL check deposits as designated by the

State. Each account will also provide for the posting of any debit and credit ICL check deposit adjustments, rejects and subsequent returned item chargebacks related to the associated Image Cash letter deposits. The State may request separate depository accounts to support various ICL check deposit applications within the State. Such accounts will be maintained in accordance with provisions and procedures outlined within the State Depository agreement between the Treasurer of the State of Tennessee and the Contractor.

- c. Processing, Settlement and Funds Availability. The Contractor shall process the ICL check deposits presented by the State in the manner described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.8. of RFP ATTACHMENT 6.2] of the Contractor's Proposal, and in accordance with industry practices and standards for such deposits, applicable laws and banking regulations associated with image presentment. The Contractor shall further process the deposit items presented by the State for collection in an expeditious manner and provide available funds accordingly. Detailed procedures for this process shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- d. ICL Item Reject Notification, Returns and Adjustments. The Contractor shall provide immediate notification of file rejects electronically to appropriate contacts as shall be designated in the Operating Procedures developed pursuant to Section A.2 above. In addition, the Contractor shall provide notification of item rejects due to unacceptable image quality, ineligible or non-negotiable item, or failure to meet other edits of the Contractor's ICL processing to the State's designated contacts on or before the business day following the receipt of the ICL deposit containing the rejected item(s). The Contractor shall provide the State with one daily ICL returns file for each ICL deposit account, subject to maximum file limits, for items that require charge-back, such as NSF items, stop payment items, closed account items, etc. The Contractor shall otherwise process and settle file rejects, item rejects and deposit adjustments in accordance with the timing and methods for such processing and settlement as described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.8. of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Detailed procedures for this process shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- e. Physical Item Risk Mitigation. The Contractor shall provide the State with applicable policies, procedures, requirements, recommendations, guidelines, and security measures with respect to the handling, safekeeping, retention, and proper destruction of physical deposit items by the State following the image capture processing and transmittal of items to the Contractor. Based on this information, the Contractor and the State will agree upon specific procedures to be communicated to the State's processing locations and included in the Operating Procedures to be developed pursuant to Section A.2 above.
- f. File Retransmission. The Contractor shall retain ICL data transmission files for a rolling thirty-day period. Should the State need an ICL returns file retransmitted for any reason, the Contractor shall retransmit the same within twenty-four (24) hours of the State's request so long as such file is still retained on the Contractor's system.
- g. Risk Control, Fraud Mitigation and Recovery. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to reduce erroneous or fraudulent ICL activities. The Contractor shall further maintain a robust, alternate ICL service resumption plan, which addresses events affecting the Contractor's site, the State's Data Center, and the State's offices. Such risk control procedures and service resumption plan shall be developed by the Contractor and the State and shall be included in the Operating Procedures described in Section A.2 above.

A.10. Custodial Services.

- a. Custody Accounts. The Contractor agrees to establish and maintain separate custody accounts and subaccounts in the name of the State (the "Custody Accounts"). Each account shall contain exclusively the securities of a portfolio established by the State. Currently there are three such accounts (3) to be established as the State Pooled Investment Fund (SPIF); the Intermediate

Term Investment Fund (ITIF); the Tennessee Wildlife Resources (TWRA) investment fund. At the State's request the Contractor shall establish and maintain additional accounts in the name of the State as may be necessary for any future State investment programs. For purposes of this Contract, "Securities" shall mean commercial paper, book entry United States Government agencies' securities, banker's acceptances, securities transferred through the Depository Trust Company, and any certificates, receipts, warrants or other instruments representing rights to receive, purchase or subscribe for the same or evidencing or representing any other rights or interests therein or other similar property from time to time received by the Contractor or its sub custodians in accordance herewith. The Contractor further agrees to provide "contractual" settlement of the Securities, or immediate funds availability to the State each morning for its maturing Securities, subject to the State making the Contractor whole by the following business day in the event the Contractor is not paid for a maturing Security by the issuer. Any and all cash received by the Contractor on behalf of the State pursuant to this Section A.10 shall be held in the Settlement Account established and maintained by the Contractor in the name of the State pursuant to Section A.5.a above.

- b. Responsibility. The Contractor shall not make any other use or disposition or take any action with respect to Securities and cash received hereunder except in accordance with the terms of this Contract.
- c. Maintenance of Accounts. Except as provided in Section A.10.d. below, the Contractor shall hold all Securities at [CONTRACTOR'S ADDRESS/LOCATION].
- d. Sub Custodians.
 - (1) Upon direction by the State and in accordance with the terms of this Paragraph d., the Contractor is authorized to hold Securities in the Depository Trust Company, in the Federal Reserve Book Entry System or at such other financial institution as may be authorized by the State in writing, hereinafter collectively referred to as "sub custodians", or singularly referred to as "sub custodian".
 - (2) The Contractor shall identify on its books as belonging to the State any Securities held by a sub custodian. In the event any of the Securities are to be held by a sub custodian, such sub custodian shall be required by its agreement with the Contractor to identify on its books such Securities as being held for the account of the Contractor for its customers. The Contractor shall only deposit Securities in an account with a sub custodian which includes exclusively the assets held by the Contractor for its customers, and the Contractor shall cause such account to be designated by such sub custodian as a special custody account for the exclusive benefit of customers of the Contractor.
 - (3) The Contractor shall be liable to the State for any losses incurred through any sub custodian to which physical possession of Securities are entrusted to the same extent that it would be liable to the State if the Contractor had retained physical possession of the same.
 - (4) The Contractor will authorize the holding of Securities by a sub custodian only to the extent that the Securities are not subject to any right, charge, security interest, lien or claim of any kind in favor of such sub custodian and only to the extent that beneficial ownership of such Securities is freely transferable without the payment of money or value. Any costs, fees or expenses associated with the safekeeping and servicing of the securities by a sub custodian shall be the responsibility of the Contractor.
- e. Purchases. Upon instructions from the State as communicated in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.9. of RFP ATTACHMENT 6.2] of the Contractor's Proposal, the Contractor shall accept delivery of securities purchased by the State "in good delivery form" and make payment for such Securities upon receipt. The Contractor shall charge the cost of such purchased securities to the Settlement Account established and maintained pursuant to Section A.5.a. above on the date payment for such Securities is made by the Contractor. With respect to any directions to receive

securities, the Contractor shall advise the State of non-receipt of such Securities but shall have no duty or responsibility to take any steps to obtain delivery of securities from brokers or others either against payment or free of payment.

f. Sales.

- (1) Upon the instructions of the State as communicated in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.9. of RFP ATTACHMENT 6.2] of the Contractor's Proposal, the Contractor shall deliver securities as the State shall direct.
- (2) The Contractor shall credit the proceeds from the sale of securities to the Settlement Account established and maintained pursuant to Section A.5.a. above on the date of collection of the same by the Contractor.
- (3) Payment from the sale of securities shall be promptly credited by the Contractor to the Settlement Account. Any direct loss to the State including, but not limited to, penalties paid by the State, transaction costs and interest earnings lost by the State caused by the Contractor's failure or delay in collecting or crediting payments shall be reimbursed to the State by the Contractor to the extent such failure or delay could have been avoided by the Contractor's exercise of due care.

g. Dividends and Interest. The Contractor shall collect and receive all interest and other income from the Securities held in the Custody Accounts. Interest shall be credited to the Settlement Account promptly on the interest due date. The Contractor shall promptly notify the State of any default in the payment of interest. The Contractor is authorized, as the State's agent, to sign any declarations, affidavits, certificates of ownership or other documents which are now or may hereafter be required with respect to all coupons, registered interest, or other income on Securities now or hereafter held or received for the State.

h. Collection of Principal and Maturities. The Contractor is authorized to collect and receive the principal of all securities within its custody as they may mature, or as they may be redeemed, or as they may be sold upon the instructions of the State. In the event the Contractor is unable to effect collection, it shall promptly notify the State.

Notwithstanding any provision of this Contract to the contrary, the proceeds resulting from the maturity of securities held in the Custody Accounts shall be credited to the State's Settlement Account established and maintained by the Contractor pursuant to Section A.5.a. above by no later than 8:00 a.m. on maturity date. The parties acknowledge that the actual settlement of such securities may not occur until approximately 3:00 p.m. on the maturity date. As a result, the State agrees that upon notification from the Contractor of non-receipt of the proceeds by 3:00 p.m. on maturity date, the State shall wire to the Contractor the principal amount of such proceeds, plus interest on such amount equal to the equivalent of the effective average Federal Funds rate plus 25 basis points divided by 360 multiplied by the principal amount of the proceeds. The State shall direct the transfer of said amount to the Contractor by no later than 10:00 a.m. on the next Business Day after notification of non-receipt from the Contractor.

i. Correction of Errors. In the event an error is made by the Contractor in crediting monies to the Settlement Account to which the State is not entitled, the State will return such monies to the Contractor within a reasonable period upon notification of the error.

j. Financial Statements. The Contractor shall forward to the State all financial statements or other literature received by it in connection with or relating to securities held by the Contractor for the State immediately upon receipt.

k. Exchanges. The Contractor is authorized to make routine exchanges of securities. The exchanges contemplated hereunder include exchanges of Securities in temporary form for definitive securities and exchanges to reflect changes in names of the issuers. The Contractor shall make such further exchanges of securities as the State shall direct.

- I. Reports. The Contractor shall provide to the State monthly a report containing the transaction activity of the State occurring pursuant to this Section A.10 during the previous month and a report of holdings as of month end. The specific data to be provided and the format in which it is to be transmitted shall be agreed to by both parties. Such report shall be provided to the State within ten (10) business days after the end of the month with respect to which the report refers.
- m. Risk Control, Fraud Mitigation and Recovery. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to reduce erroneous or fraudulent custodial trade activities. The Contractor shall further maintain a robust, alternate service resumption plan, which addresses events affecting the Contractor's site, the State's Data Center, and the State's offices. Such risk control procedures and service resumption plan shall be developed by the Contractor and the State and shall be included in the Operating Procedures described in Section A.2 above.
- n. Investment Trade Compliance. At the State's option, the Contractor shall provide to the State investment trade monitoring services that are made available through the Contractor. Detailed procedures for the implementation of these services shall be included in the Operating Procedures developed pursuant to Section A.2 above.

A.11. Special Investment Account.

- a. Description. In addition to, or in conjunction with, the Settlement Account and all other accounts established above that would transfer to the Settlement Account established pursuant to Section A.5.a. above, the Contractor shall either establish and maintain on behalf of the State, a separate collateralized interest bearing deposit account, or maintain the State's excess balances in the Settlement Account, as described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.11. of RFP ATTACHMENT 6.2] of the Contractor's Proposal.

Said account shall be held in the name of the State and shall be for the purpose of receiving and investing funds or maintaining the overnight balance of the Settlement Account in excess of the amount needed to fund the normal account activity. Interest on the balance of up to \$300,000,000 in the account shall be calculated and payable by the Contractor daily, by multiplying that day's applicable rate by the invested balance amount that day, divided by 365. The State and the Contractor may mutually agree to apply balances for any day or period of days within the contract term that exceed \$300,000,000 to the same interest rate and provisions or to another mutually agreed rate(s). The aggregate of each day's interest for a month shall be credited to the Settlement Account monthly, on the first day of the following month. The interest rate shall equal the Federal Funds Target Rate as set from time to time by the Federal Open Market Committee (FOMC) [PLUS OR MINUS THE PERCENTAGE NUMBER IN ITEM 6 OF THE SUCCESSFUL RESPONDENT'S COST PROPOSAL]. If the FOMC sets the rate using a range, the rate that will be used shall be the highest rate in the range.

- b. No Reserve Requirement. The Contractor represents and warrants that all funds remaining in either a separate Deposit Account, or the Settlement Account at the end of each day shall be invested in the collateralized interest bearing deposit account and shall not be subject to any reserve requirements imposed by the Federal Reserve.
- c. Collateral Level. All funds invested in the collateralized interest bearing Deposit Account shall be collateralized in accordance with the Collateral Pool for Public Deposits Act of 1990, which is codified in Tennessee Code Annotated, Title 9, Chapter 4, Part 5.

A.12. Alternative Payment Consulting and Implementation.

- a. Consulting Services. Once all other services specified in this Contract are in place and functioning appropriately, the Contractor shall assist the State in defining and exploring the needs of the State for a real time or faster payment service. The Contractor shall analyze and document the Contractor's understanding of the current payment environment and mechanisms

utilized by the State and its various agencies (Current State) and a presentation of various options available from the Contractor for implementation of the service (Future State). The analysis shall also include the approximate needs/costs to the State for both internal and external resources, technology requirements, and/or third-party services required to implement each solution. The Contractor acknowledges that a significant factor in determining a Future State will be the ability of the State to transition an implemented service to another contractor should it be necessary due to a subsequent vendor banking services procurement or other service disruption.

- b. Implementation Services. The State will determine the best available option for implementation of a faster payment service. Once determined, the Parties shall amend this Contract to address that service and its associated cost

A.13. Maintenance of Settlement and Deposit Account Balance.

- a. Intraday Net Debit Cap. The State shall maintain a sufficient balance in the Settlement Account plus, if applicable, the Deposit Account, to ensure that the State does not exceed a net debit position of one hundred fifty million dollars (\$150,000,000) or such higher amount as may be specified on page [PAGE NUMBER FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.12. of RFP ATTACHMENT 6.2] of the Contractor's Proposal.

A.14 Communications Link and Data Security.

- a. Transaction Activity. The Contractor and the State will conduct communication of Wire, ACH, ICL, and Custody trade transactions in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.13. of RFP ATTACHMENT 6.2] of the Contractor's Proposal and in accordance with Section E.2 below. The Contractor shall implement and maintain on behalf of the State at least one secure communication link between the Contractor and the State for the purpose of transmitting and receiving ACH, Wire, Custody and ICL transaction files. Said communication link(s) must be acceptable to the State, compatible with the Federal Reserve Bank's Level 1 Security Procedures in Appendix A of the FRB Operating Circular 4 and must be encrypted in compliance with current ACH Rules. Further, confidential data must be encrypted in transit and in flight in accordance with NIST publication 140-2.
- b. Recovery. The Contractor shall also provide an alternative, independent transmission capability that is acceptable to the State and which can be available within one (1) hour. Detailed procedures relative to the communications link and the data security alternative communication process shall be included in the Operating Procedures developed pursuant to Section A.2 above.

A.15. Business Continuity, Disaster Recovery Plan, and Risk Mitigation.

The Contractor shall maintain a Business Continuity and Disaster Recovery Plan that will provide for the continuous and uninterrupted delivery of services hereunder. Said plan shall be in substantially the same form as the plan outlined on pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.14. of RFP ATTACHMENT 6.2] of the Contractor's Proposal. If any material change to the form of the plan is proposed by the Contractor, the Contractor shall so advise the State in writing. For the purposes of this Paragraph, "material change" shall include, but shall not be limited to, the time required for restoration of services or in the location of a recovery site(s). Each year during the term of this Contract, the Contractor shall participate with the State in the State's annual disaster recovery testing. The Contractor shall annually certify to the State in writing, that the Contractor continues to maintain its Business Continuity and Disaster Recovery Plan and related Security Standards at or above the minimum standards of the banking industry for the services provided to the State and has successfully exercised its Business Continuity and Disaster Recovery Plan.

The Contractor will maintain a robust, alternate service resumption plan for all services under this contract. The plan shall be developed by the Contractor and the State and shall address events affecting the Contractor's site, the Contractor's primary offices, the State's Data Center, and the State Offices. The plan will be included in the Operating Procedures described in Section A.2 above. Such plan shall provide for timeframe(s) and procedures for resumption of services in the event of a disaster as described

above. The plan shall also require the Contractor to coordinate with the State and the State's Disaster Recovery site vendor to assure the redirection of the communications link to the State's Disaster Recovery hot site along with any State leased circuits and the availability of encrypted transmission capability to the State Disaster Recovery site due to an event requiring the State to shift operations to its Disaster Recovery site. The plan shall also include a plan for the physical exchange of files with the State in the event that electronic delivery is not feasible.

A.16. Separate Contract.

The State acknowledges that the Contractor, in providing services to the State hereunder, shall be operating within a separate contract between the Contractor and the Federal Reserve. Further, the State recognizes that the Contractor must be a party to such an arrangement to provide such services to the State.

A.17. Financial Condition Reporting.

The Contractor shall electronically file its quarterly Consolidated Report of Condition and Income "Call Report" with the State Treasurer at the same time it is filed with the Federal Deposit Insurance Corporation (FDIC) or the Office of Thrift Supervision (OTS), whichever is applicable. In addition, any amendment to the Call Report must be filed in the same manner with the State Treasurer on the same day the amendment is filed with the FDIC or OTS.

A.18. Applicable Laws and Regulations.

The State and the Contractor shall comply with all applicable laws, rules, and regulations, including the rules of the Federal Reserve Bank and the National Automated Clearinghouse Association, in its processing and initiation of Fed Wire, ACH and other financial transactions and requests for transfers of funds under this Contract.

A.19. Optional Gold and Other Precious Metal Storage Services.

At the option of the State, the Contractor shall securely store any gold or other precious metals purchased by the State in a vault within the Contractor's banking facilities in accordance with accepted industry standards for secure storage, and within the geographical boundaries of the State of Tennessee. The Contractor agrees that any such gold or other precious metals shall be physically segregated from the other assets custodied at the Contractor.

A.20. Optional Check Cashing/Dispensing and Automated Teller Machine Services.

At the option of the State, the Contractor shall provide and otherwise maintain an automated solution for check cashing to include cash dispensing combined with Automated Teller Services or KIOSK services in the General Assembly office building, in the State Capitol and other select State central government facilities for members of the Tennessee General Assembly and select other State of Tennessee officials who need access to such services. The services shall be provided in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.15 of RFP ATTACHMENT 6.2] of the Contractor's Proposal and as further detailed in the Operating Procedures developed pursuant to Section A.2 above. The State shall supply the Contractor with a list of such authorized officials/employees who may request a check to be cashed. The services shall be available twenty-four (24) hours a day, three hundred sixty-five (365) days a year, except for reasonable down time for maintenance. The Contractor acknowledges and agrees that the checks must either be a State of Tennessee check or a personal check. The State shall maintain a petty cash account with the Contractor for purposes of cashing and depositing the checks. These services shall be provided at no cost to the persons cashing checks and at no additional cost to the State.

A.21. Authorized Individuals.

Each party hereto has provided the other party hereto with a list identifying the individuals from whom the other party is authorized to accept any notices, requests, demands, or other advice which may be given hereunder by the party providing such list. Said lists, which are attached hereto as Contract Attachment

1, shall be valid until revoked or amended by further written notice. The parties hereto shall only be entitled to rely on notices, requests, demands, or other advice given by such individuals.

A.22. Performance Standards Guarantee.

a. Standards. The Contractor agrees the following performance standards shall be met or exceeded and that if such standards are not met, the Contractor's compensation shall be reduced pursuant to Section A.22.b below:

- (1) The use of manual (versus electronic) transfer and confirmation of Wire Transfer, ACH, ICL or Custody trade transactions, caused by the Contractor, shall not occur for more than two (2) consecutive days.
- (2) The statements required in Sections A.5.d and A.5.e shall be provided to the State within the time frames specified in those Sections.
- (3) Assuming the Federal Reserve Wire Transfer System is functioning properly, all wire instructions given by the State shall be confirmed within the time requirements specified in Section A.6.
- (4) The quarterly Call Reports shall be filed with the State Treasurer within the time requirements specified in Section A.17.
- (5) The service resumption timeframes as designated in the Operating Procedures pursuant to Sections A.6.e, A.7.g, A.8.c, A.9.g, and A.10.m shall be met.
- (6) The ACH settlement amounts for reconciliation shall be provided to the State by no later than 8:00 a.m. as specified in Section A.7.c.
- (7) The ICL deposit items shall be provided to the State in an expeditious manner, and the ICL items reject notifications, return and adjustments shall be provided to the State as designated in the Operating Procedures for ICL pursuant to Sections A.9.c and A.9.d.
- (8) The proceeds from the maturity of Securities held in the Custody Accounts shall be wired and credited to the State's Settlement Account by 8:00 a.m. on maturity date as specified in Section A.10.h.
- (9) Notifications shall be provided to the State within twenty-four (24) hours of any modifications to outgoing wire transfer instructions in accordance with Section A.6.d.

b. Guarantee.

If the Contractor does not meet or exceed the performance standard in Subdivision a. (1) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by five hundred dollars (\$500.00) for each day the standard was not met.

If the Contractor does not meet or exceed the performance standard in Subdivision a. (2) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by one hundred dollars (\$100.00) for each day a statement is late.

If the Contractor does not meet or exceed any of the performance standards in Subdivision a. (3), a. (6), a. (7), and a. (9) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by one hundred dollars (\$100.00) for each time the standard was not met.

If the Contractor does not meet or exceed the performance standard in Subdivision a. (4) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by one hundred dollars (\$100.00) for each day the filing is late.

If the Contractor does not meet or exceed the performance standard in Subdivision a. (5) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by one thousand dollars (\$1,000.00) for the initial occurrence plus an additional one thousand dollars (\$1,000.00) per day thereafter for every day after day one that service is interrupted.

If the Contractor does not meet or exceed the performance standard in Subdivision a. (8) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by one thousand dollars (\$1,000.00) for each occurrence.

- c. Waiver of Reduction. The State shall notify the Contractor in writing of any reduction in compensation to be made pursuant to this Section. Any amount assessed hereunder may be waived by the State upon presentation of adequate documentation from the Contractor indicating the standard was not met because of a unique problem or situation. Such documentation must be submitted to the State within ten (10) days of the issuance of a notice of reduction.
- d. No Limit of Liability. This Section shall not be construed to limit the liability of the Contractor for damages sustained by the State by virtue of any breach of this Contract by the Contractor nor shall such obligation be construed to limit any other remedies available to the State in equity, at law or otherwise.

A.23. Representations and Covenants of the Contractor.

- a. The Contractor represents and warrants that
 - (1) it is a state depository pursuant to Tennessee Code Annotated, Section 9-4-107;
 - (2) it is a participant in the Collateral Pool created pursuant to Tennessee Code Annotated, Title 9, Chapter 4, Part 5;
 - (3) it does not have a policy prohibiting financing to companies in the fossil fuel industry as described in Tenn. Code Ann. § 9-4-107(f);
 - (4) it is duly authorized to execute and deliver this Contract, and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery, and performance;
 - (5) the person signing this Contract on its behalf is duly authorized to do so on its behalf;
 - (6) it has obtained all authorizations of any governmental body required in connection with this Contract and the transactions hereunder and such authorizations are in full force and effect; and
 - (7) the execution, delivery and performance of this Contract will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected.
- b. The Contractor also represents and warrants to the State that
 - (1) all collateral pledged to the State hereunder shall be free from any lien or encumbrance;
 - (2) that this Contract has been approved by its Board of Directors at its meeting of [DATE OF MEETING], and that the approval of the Board of Directors is reflected in the minutes of said meeting (copies of said resolution and relevant portion of the minutes of said meeting are attached hereto as Attachment 4 and made a part hereof);
 - (3) that this Contract shall be continuously maintained, from the time of its execution, as an official record of the Contractor;

- (4) that any collateral pledge transaction under this Contract will fully comply with all the requirements of Section 1823(e) of Title 12 of the United States Code, as amended;
- (5) that this Contract and all confirmations and other writings relating to any collateral pledged hereunder constitute and will constitute an official record of the Contractor within the meaning of Section 1823(e) of Title 12 of the United States Code, as amended; and
- (6) that upon any transfer of collateral hereunder, the Contractor will have good and clear title to the collateral transferred and that the collateral will be and will remain free and clear of any and all claims, liens or encumbrances, except the State's security interest hereunder, and that it will do all such acts and things as the State may reasonably request, from time to time, to ensure that the State's security interest in the collateral remains valid and perfected under Tennessee state law and under the above cited Section 1823(e).

c. The Contractor shall promptly notify the State in writing if any of the above representations in Sections A.23.a. – A.23.b. change or cease to be true and correct in all respects.

A.24. Certification.

This Contract shall be accompanied by a resolution of the Contractor's Board of Directors and a certified copy of the minutes of the meeting showing the Board's acceptance of the terms and conditions of this Contract, and of the authority of the individual executing this Contract on behalf of the Contractor.

A.25. Changes in Ownership.

If at any time during this Contract the Contractor merges with another entity or a change of ownership is affected, the Contractor shall give written notice of such merger or change to the State within five (5) business days of receiving approval of such merger or change from the appropriate regulatory authorities. The Contractor agrees to give the State written notice within five (5) business days of filing for applicable regulatory approval if the status or viability of this Contract will be affected by such merger or change.

A.26. Transition of Services Upon Termination.

Upon the natural expiration of this Contract or in the event of its termination for any reason, the Contractor shall transfer in accordance with the State's instructions all cash, records, and other property of the State to whomever the State may designate in writing to the Contractor. The Contractor agrees to cooperate with the State, and any subsequent contractor selected by the State to perform the services hereunder, in the transition and conversion of such services. The Contractor shall remain liable to the State under this Contract for any acts or omissions occurring on or prior to the date on which all property of the State and all services hereunder have been successfully transferred or converted in accordance with this Section.

A.27. Applicable Gifts and Solicitations Policy. The Contractor shall not offer to give, or give, any gift to any employee of the State or to any member of a Board, Commission or Committee administratively attached to the State that would violate the State's Gifts and Solicitations Policy, included as Contract Attachment 2 to this Contract.

B. TERM OF CONTRACT:

This Contract shall be effective on January 1, 2024 ("Effective Date") and extend for a period of eighty-four (84) months after the Effective Date ("Term"). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed [WRITTEN DOLLAR AMOUNT (\$NUMBER)] ("Maximum Liability"). This Contract does not grant the

Contractor any exclusive rights. The State does not guarantee that it will buy any minimum quantity of goods or services under this Contract. Subject to the terms and conditions of this Contract, the Contractor will only be paid for goods or services provided under this Contract after a purchase order is issued to Contractor by the State or as otherwise specified by this Contract.

- C.2. Compensation Firm. The payment methodology in Section C.3. of this Contract shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology includes all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Contractor.
- C.3. Payment Methodology. The Contractor shall be compensated based on the payment methodology for goods or services authorized by the State in a total amount as set forth in Section C.1.
- a. The Contractor's compensation shall be contingent upon the satisfactory provision of goods or services as set forth in Section A.
 - b. The Contractor shall be compensated based upon the following payment methodology:

Goods or Services Description	Amount (per compensable increment)						
	January 1, 2024 – December 31, 2024	January 1, 2025 – December 31, 2025	January 1, 2026 – December 31, 2026	January 1, 2027 – December 31, 2027	January 1, 2028 – December 31, 2028	January 1, 2029 – December 31, 2029	January 1, 2030 – December 31, 2030
1. Account Level Services as described in Sections A.5.	↓	↓	↓	↓	↓	↓	↓
(i) Monthly Account Maintenance per account	\$(Number) per month	\$(Number) per month	\$(Number) per month	\$(Number) per month	\$(Number) per month	\$(Number) per month	\$(Number) per month
2. Wire Transfer Services as described in Section A.6.	↓	↓	↓	↓	↓	↓	↓
(i) Outgoing Domestic Wire	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each
(ii) Incoming Domestic Wire	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each
(iii) Outgoing International Wire	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each
(iv) Incoming International Wire	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each	\$(Number) each
(v) Internal Bank Transfers							
3. Automated Clearing House (ACH) Services as described in Section A.7.	↓	↓	↓	↓	↓	↓	↓

Goods or Services Description	Amount (per compensable increment)						
(i) ACH Receipt Entries (ii) ACH Origination Entries (next day) (iii) ACH Origination Entries (same day) (iv) Notification of Change and Returns (v) Manual Receipt Returns (vi) Origination Reversals (vii) ACH Distribution Files	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each
	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each
	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each
	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each
	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each
	\$[Number] per file	\$[Number] per file	\$[Number] per file	\$[Number] per file	\$[Number] per file	\$[Number] per file	\$[Number] per file
4. Image Cash Letter (ICL) Check Deposit Services as described in Section A.9	↓	↓	↓	↓	↓	↓	↓
(i) ICL Check Deposit (includes both front and back of image) (ii) ICL Return Deposit Item on Daily Return Files	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each
	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each	\$[Number] each
5. Custodial Services as described in Section A.10	↓	↓	↓	↓	↓	↓	↓

Goods or Services Description	Amount (per compensable increment)						
(i) Custody Services Percentage that will be multiplied by the average daily balance held in each investment custody account during the month for which the compensation relates, divided by 360 days, multiplied by the actual number of days in the respective month	[NUMBER]%	[NUMBER]%	[NUMBER]%	[NUMBER]%	[NUMBER]%	[NUMBER]%	[NUMBER]%
6. Optional Services	↓	↓	↓	↓	↓	↓	↓
(i) Optional Gold and Other Precious Metal Storage Services as described in Section A.19	\$[Number] per month	\$[Number] per month	\$[Number] per month	\$[Number] per month	\$[Number] per month	\$[Number] per month	\$[Number] per month
7. Alternative Payment Consulting Services as described in Section A.12.	↓	↓	↓	↓	↓	↓	↓
(i) Consulting Services	\$[Number] per hour	\$[Number] per hour	\$[Number] per hour	\$[Number] per hour	\$[Number] per hour	\$[Number] per hour	\$[Number] per hour
8. Check Processing Services as described in Section A.8.	↓	↓	↓	↓	↓	↓	↓
(i) Check Processing Services	\$[Number] per item cleared	\$[Number] per item cleared	\$[Number] per item cleared	\$[Number] per item cleared	\$[Number] per item cleared	\$[Number] per item cleared	\$[Number] per item cleared

- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel time, travel expenses, meals, or lodging.
- C.5. Invoice Requirements. The Contractor shall invoice the State only for goods delivered and accepted by the State or services satisfactorily provided at the amounts stipulated in Section C.3., above. Contractor shall submit invoices and necessary supporting documentation, no more frequently than once a month, and no later than thirty (30) days after goods or services have been provided to the following address (NOTE: account analysis statements may be substituted if they contain the required information described in Section C.5.a below):

Accounts Payable Section
 Division of Accounting
 Tennessee Treasury Department
 14th Floor, Andrew Jackson State Office Building
 502 Deaderick Street
 Nashville, Tennessee 37243

- a. Each invoice, on Contractor's letterhead, shall clearly and accurately detail all of the following information (calculations must be extended and totaled correctly):
 - (1) Invoice number (assigned by the Contractor);
 - (2) Invoice date;
 - (3) Contract number (assigned by the State);
 - (4) Customer account name: Tennessee Treasury Department, Cash Management Division;
 - (5) Customer account number (assigned by the Contractor to the above-referenced Customer);
 - (6) Contractor name;
 - (7) Contractor Tennessee Edison registration ID number;
 - (8) Contractor contact for invoice questions (name, phone, or email);
 - (9) Contractor remittance address;
 - (10) Description of delivered goods or services provided and invoiced, including identifying information as applicable;
 - (11) Number of delivered or completed units, increments, hours, or days as applicable, of each good or service invoiced;
 - (12) Applicable payment methodology (as stipulated in Section C.3.) of each good or service invoiced;
 - (13) Amount due for each compensable unit of good or service; and
 - (14) Total amount due for the invoice period.
 - b. Contractor's invoices shall:
 - (1) Only include charges for goods delivered or services provided as described in Section A and in accordance with payment terms and conditions set forth in Section C;
 - (2) Only be submitted for goods delivered or services completed and shall not include any charge for future goods to be delivered or services to be performed;
 - (3) Not include Contractor's taxes, which includes without limitation Contractor's sales and use tax, excise taxes, franchise taxes, real or personal property taxes, or income taxes; and
 - (4) Include shipping or delivery charges only as authorized in this Contract.
 - c. The timeframe for payment (or any discounts) begins only when the State is in receipt of an invoice that meets the minimum requirements of this Section C.5.
- C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or other matter. A payment by the State shall not be construed as

acceptance of goods delivered, any part of the services provided, or as approval of any amount invoiced.

- C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment that is determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, to not constitute proper compensation for goods delivered or services provided.
- C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee, any amounts that are or shall become due and payable to the State of Tennessee by the Contractor.
- C.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following, properly completed documentation.
- a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and
 - b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.

D. MANDATORY TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is duly approved by the Parties and all appropriate State officials in accordance with applicable Tennessee laws and regulations. Depending upon the specifics of this Contract, this may include approvals by the Commissioner of Finance and Administration, the Commissioner of Human Resources, the Comptroller of the Treasury, and the Chief Procurement Officer. Approvals shall be evidenced by a signature or electronic approval.
- D.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

The State:

Kevin Gentry, Director of Investment Operations
Tennessee Treasury Department
13th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, Tennessee 37243-0208
Kevin.L.Gentry@tn.gov
Telephone # (615) 253-1776

The Contractor:

[CONTRACTOR CONTACT NAME & TITLE]
[CONTRACTOR NAME]
[ADDRESS]

[EMAIL ADDRESS]
 Telephone # [NUMBER]
 FAX # [NUMBER]

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

- D.3. Modification and Amendment. This Contract may be modified only by a written amendment signed by all Parties and approved by all applicable State officials.
- D.4. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract upon written notice to the Contractor. The State's exercise of its right to terminate this Contract shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract due to unavailability of funds, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages of any description or amount.
- D.5. Termination for Convenience. The State may terminate this Contract for convenience without cause and for any reason. The State shall give the Contractor at least thirty (30) days written notice before the termination date. The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any goods neither requested nor accepted by the State or for any services neither requested by the State nor satisfactorily performed by the Contractor. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract.
- D.6. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract ("Breach Condition"), the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.
- D.7. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the goods or services provided under this Contract without the prior written approval of the State. Notwithstanding any use of the approved subcontractors, the Contractor shall be the prime contractor and responsible for compliance with all terms and conditions of this Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving an assignment of this Contract in whole or in part or the use of subcontractors in fulfilling the Contractor's obligations under this Contract.
- D.8. Conflicts of Interest. The Contractor warrants that no part of the Contractor's compensation shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed under this Contract.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six (6) months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six (6) months has been, an employee of the State of Tennessee.

- D.9. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. The Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.10. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Contract Attachment 3, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the Term, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work under this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work under this Contract. Attestations obtained from subcontractors shall be maintained by the Contractor and made available to State officials upon request.
 - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.
- D.11. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.12. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.13. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

- D.14. Strict Performance. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.
- D.15. Independent Contractor. The Parties shall not act as employees, partners, joint venturers, or associates of one another. The Parties are independent contracting entities. Nothing in this Contract shall be construed to create an employer/employee relationship or to allow either Party to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one Party are not employees or agents of the other Party.
- D.16. Patient Protection and Affordable Care Act. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless from any costs to the State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.
- D.17. Limitation of State's Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Maximum Liability. This limitation of liability is cumulative and not per incident.
- D.18. Limitation of Contractor's Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death. For clarity, except as otherwise expressly set forth in this Section, Contractor's indemnification obligations and other remedies available under this Contract are subject to the limitations on liability set forth in this Section.
- D.19. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all third party claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of negligent or willful acts, or omissions on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys' fees, court costs, expert witness fees, and other litigation expenses for the State to enforce the terms of this Contract.

In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

- D.20. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Health Information Technology for Economic and Clinical Health ("HITECH") Act and any other relevant laws and regulations regarding privacy (collectively the "Privacy Rules"). The obligations set forth in this Section shall survive the termination of this Contract.
- a. Contractor warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable requirements in the course of this Contract.
 - b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of the Contract so that both parties will be in compliance with the Privacy Rules.
 - c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and Contractor in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this Contract is NOT "protected health information" as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver the information without entering into a business associate agreement or signing another document.
 - d. The Contractor will indemnify the State and hold it harmless for any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.
- D.21. Tennessee Consolidated Retirement System. Subject to statutory exceptions contained in Tenn. Code Ann. §§ 8-36-801, *et seq.*, the law governing the Tennessee Consolidated Retirement System ("TCRS"), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established under Tenn. Code Ann. §§ 8-35-101, *et seq.*, accepts State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the Term.
- D.22. Tennessee Department of Revenue Registration. The Contractor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Contract.
- D.23. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
 - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

- c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded, disqualified, or presently fall under any of the prohibitions of sections a-d.

- D.24. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees for the affected obligations until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.
- D.25. State and Federal Compliance. The Contractor shall comply with all State and federal laws and regulations applicable to Contractor in the Contractor's performance of this Contract.
- D.26. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee, without regard to its conflict or choice of law rules. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 408.
- D.27. Entire Agreement. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.
- D.28. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.
- D.29. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

- D.30. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:
- a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;
 - b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through f., below), which includes [Contract Attachments 1 - 3];
 - c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
 - d. the State solicitation, as may be amended, requesting responses in competition for this Contract;
 - e. any technical specifications provided to proposers during the procurement process to award this Contract; and
 - f. the Contractor's response seeking this Contract.
- D.31. Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101, *et seq.*, addressing contracting with persons as defined at Tenn. Code Ann. §12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Contract. The Contractor certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.
- D.32. Insurance. Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor's failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c) rated A- / VII or better by A.M. Best. All coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to include the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement or policy wording for a waiver of subrogation in favor of the State. Any deductible or self insured retention ("SIR") over fifty thousand dollars (\$50,000) must be disclosed to the State. The deductible or SIR and any premiums are the Contractor's sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.

To achieve the required coverage amounts, a combination of an otherwise deficient specific policy and an umbrella policy with an aggregate meeting or exceeding the required coverage amounts is acceptable. For example: If the required policy limit under this Contract is for two million dollars (\$2,000,000) in coverage, acceptable coverage would include a specific policy covering one million dollars (\$1,000,000) combined with an umbrella policy for an additional one million dollars (\$1,000,000). If the deficient underlying policy is for a coverage area without aggregate limits (generally Employers' Liability Accident), Contractor shall advise the State and allow the State to view a copy of the umbrella insurance policy documents to ensure that no aggregate limit applies to the umbrella policy for that coverage area. In the event that an umbrella policy is being provided to achieve any required coverage amounts, the umbrella policy shall be accompanied by an endorsement at least as broad as the Insurance Services Office, Inc. (also known as "ISO") "Noncontributory—Other Insurance Condition" endorsement or shall be written on a policy form that addresses both the primary and noncontributory basis of the umbrella policy if the State is otherwise named as an additional insured.

Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard ACORD form preferred). The COI must list each insurer's National Association of Insurance

Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – CPO Risk Manager, 312 Rosa L. Parks Ave., 3rd floor Central Procurement Office, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) business days prior to the Effective Date and shall endeavor to provide it again on the date of renewal or replacement of coverage, but no later than seven (7) business days after the renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that subcontractors are included under the Contractor's policy. At any time, the State may require Contractor to provide a valid COI. The Parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage. Instead, Contractor shall provide a certificate of self-insurance or a letter, on Contractor's letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses. The Contractor shall permit the State to review complete copies of all required insurance policies, including endorsements required by these specifications, at any time.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

The insurance obligations under this Contract shall be: (1)—all the insurance coverage and policy limits carried by the Contractor; or (2)—the minimum insurance coverage requirements and policy limits shown in this Contract; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required coverage and minimum required policy limits, which are applicable to a given loss, shall be available to the State. No representation is made that the minimum insurance requirements of the Contract are sufficient to cover the obligations of the Contractor arising under this Contract. The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.

a. Commercial General Liability ("CGL") Insurance

- 1) The Contractor shall maintain CGL, which shall be written on an ISO Form CG 00 01 occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises and operations products and completed operations, bodily injury, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

The Contractor shall maintain single limits not less than one million dollars (\$1,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this policy or location of occurrence or the general aggregate limit shall be twice the required occurrence limit.

b. Workers' Compensation and Employer Liability Insurance

- 1) For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:
 - i. Workers' compensation in an amount not less than one million dollars (\$1,000,000) including employer liability of one million dollars (\$1,000,000) per accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit by disease, and one million dollars (\$1,000,000) per employee for bodily injury by disease.

- 2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:
 - i. The Contractor employs fewer than five (5) employees;
 - ii. The Contractor is a sole proprietor;
 - iii. The Contractor is in the construction business or trades with no employees;
 - iv. The Contractor is in the coal mining industry with no employees;
 - v. The Contractor is a state or local government; or
 - vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

c. Professional Liability Insurance

- 1) Professional liability insurance shall be written on an occurrence basis or on a claims-made basis. If this coverage is written on a claims-made basis, then:
 - i. The retroactive date must be shown, and must be on or before the earlier of the Effective Date of the Contract or the beginning of Contract work or provision of goods and services;
 - ii. Insurance must be maintained and evidence of insurance must be provided for at least five (5) full years from the date of the final Contract payment; and
 - iii. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date on or prior to the Contract Effective Date, the Contractor must purchase "extended reporting" or "tail coverage" for a minimum of five (5) full years from the date of the final Contract payment.
- 2) Any professional liability insurance policy shall have a limit not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) in the aggregate; and
- 3) If the Contract involves the provision of services by medical professionals, a policy limit not less than three million (\$3,000,000) per claim and three million dollars (\$3,000,000) in the aggregate for medical malpractice insurance.

d. Technology Professional Liability (Errors & Omissions)/Cyber Liability Insurance

- 1) The Contractor shall maintain technology professional liability (errors & omissions)/cyber liability insurance appropriate to the Contractor's profession in an amount not less than ten million dollars (\$10,000,000) per occurrence or claim and ten million dollars (\$10,000,000) annual aggregate, covering all acts, claims, errors, omissions, negligence, infringement of intellectual property (including copyright, patent and trade secret); network security and privacy risks, including but not limited to unauthorized access, failure of security, information theft, damage to destruction of or alteration of electronic information, breach of privacy

perils, wrongful disclosure and release of private information, collection, or other negligence in the handling of confidential information, and including coverage for related regulatory fines, defenses, and penalties.

- 2) Such coverage shall include data breach response expenses, in an amount not less than ten million dollars (\$10,000,000) and payable whether incurred by the State or Contractor, including but not limited to consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services and expenses in the performance of services for the State or on behalf of the State hereunder.

e. Crime Insurance

- 1) The Contractor shall maintain crime insurance, which shall be written on a "loss sustained form" or "loss discovered form" providing coverage for third party fidelity, including cyber theft and extortion. The policy must allow for reporting of circumstances or incidents that may give rise to future claims, include an extended reporting period of no less than two (2) years with respect to events which occurred but were not reported during the term of the policy, and not contain a condition requiring an arrest or conviction.

Any crime insurance policy shall have a limit not less than one million dollars (\$1,000,000) per claim and one million dollars (\$1,000,000) in the aggregate. Any crime insurance policy shall contain a Social Engineering Fraud Endorsement with a limit of not less than two hundred and fifty thousand dollars (\$250,000). This insurance may be written on a claims-made basis, but in the event that coverage is cancelled or non-renewed, the Contractor shall purchase an extended reporting or "tail coverage" of at least two (2) years after the Term.

- D.33. Major Procurement Contract Sales and Use Tax. Pursuant to Tenn. Code Ann. § 4-39-102 and to the extent applicable, the Contractor and the Contractor's subcontractors shall remit sales and use taxes on the sales of goods or services that are made by the Contractor or the Contractor's subcontractors and that are subject to tax.
- D.34. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State that is regarded as confidential under state or federal law shall be regarded as "Confidential Information." Nothing in this Section shall permit Contractor to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law. Notwithstanding the foregoing, the Contractor may disclose information regarding the State and its accounts as required by law or at the request of any governmental or regulatory authority whose request must be honored pursuant to law or regulation.
- The obligations set forth in this Section shall survive the termination of this Contract.
- D.35. Boycott of Israel. The Contractor certifies that it is not currently engaged in, and covenants that it will not, for the duration of the Contract, engage in a Boycott of Israel, as that term is defined in Tenn. Code Ann. § 12-4-119.
- D.36. Prohibited Contract Terms. The prohibited contract terms and conditions enumerated in Pub. Ch. 113, § 5, shall be a material provision of this Contract. The Contractor acknowledges, understands, and agrees that the inclusion of a term or condition prohibited by Pub. Ch. 113, § 5, shall be null

and void and the Contract shall be enforceable as if the Contract did not contain such term or condition.

E. SPECIAL TERMS AND CONDITIONS:

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, the special terms and conditions shall be subordinate to the Contract's other terms and conditions.

E.2. Contractor Hosted Services Confidential Data, Audit, and Other Requirements.

a. "Confidential State Data" is defined as data deemed confidential by State or Federal statute or regulation. The Contractor shall protect Confidential State Data as follows:

- (1) The Contractor shall ensure that all Confidential State Data is housed in the continental United States, inclusive of backup data.
- (2) The Contractor shall encrypt Confidential State Data at rest and in transit using the current version of Federal Information Processing Standard ("FIPS") 140-2 or 140-3 (current applicable version) validated encryption technologies. The State shall control all access to encryption keys. The Contractor shall provide installation and maintenance support at no cost to the State.
- (3) The Contractor and the Contractor's processing environment containing Confidential State Data shall either (1) be in accordance with at least one of the following security standards: (i) International Standards Organization ("ISO") 27001; (ii) Federal Risk and Authorization Management Program ("FedRAMP"); or (2) be subject to an annual engagement by a CPA firm in accordance with the standards of the American Institute of Certified Public Accountants ("AICPA") for a System and Organization Controls for service organizations ("SOC") Type II audit. The State shall approve the SOC audit control objectives. The Contractor shall provide proof of current ISO certification or FedRAMP authorization for the Contractor and Subcontractor(s), or provide the State with the Contractor's and Subcontractor's annual SOC Type II audit report within 30 days from when the CPA firm provides the audit report to the Contractor or Subcontractor. The Contractor shall submit corrective action plans to the State for any issues included in the audit report within 30 days after the CPA firm provides the audit report to the Contractor or Subcontractor.

If the scope of the most recent SOC audit report does not include all of the current State fiscal year, upon request from the State, the Contractor must provide to the State a letter from the Contractor or Subcontractor stating whether the Contractor or Subcontractor made any material changes to their control environment since the prior audit and, if so, whether the changes, in the opinion of the Contractor or Subcontractor, would negatively affect the auditor's opinion in the most recent audit report.

No additional funding shall be allocated for these certifications, authorizations, or audits as these are included in the Maximum Liability of this Contract.

- (4) The Contractor must annually perform Penetration Tests and Vulnerability Assessments against its Processing Environment. "Processing Environment" shall mean the combination of software and hardware on which the Application runs. "Application" shall mean the computer code that supports and accomplishes the State's requirements as set forth in this Contract. "Penetration Tests" shall be in the form of attacks on the Contractor's computer system, with the purpose of discovering security weaknesses which have the potential to gain access to the Processing Environment's features and data.

The "Vulnerability Assessment" shall be designed and executed to define, identify, and classify the security holes (vulnerabilities) in the Processing Environment. The Contractor shall allow the State, at its option, to perform Penetration Tests and Vulnerability Assessments on the Processing Environment.

- (5) Upon State request, the Contractor shall provide a copy of all Confidential State Data it holds. The Contractor shall provide such data on media and in a format determined by the State
- (6) Upon termination of this Contract and in consultation with the State, the Contractor shall destroy all Confidential State Data it holds (including any copies such as backups) in accordance with the current version of National Institute of Standards and Technology ("NIST") Special Publication 800-88. The Contractor shall provide a written confirmation of destruction to the State within ten (10) business days after destruction.

b. Minimum Requirements

- (1) The Contractor and all data centers used by the Contractor to host State data, including those of all Subcontractors, must comply with the State's Enterprise Information Security Policies as amended periodically. The State's Enterprise Information Security Policies document is found at the following URL: <https://www.tn.gov/finance/strategic-technology-solutions/strategic-technology-solutions/sts-security-policies.html>.
- (2) The Contractor agrees to maintain the Application so that it will run on a current, manufacturer-supported Operating System. "Operating System" shall mean the software that supports a computer's basic functions, such as scheduling tasks, executing applications, and controlling peripherals.
- (3) If the Application requires middleware or database software, Contractor shall maintain middleware and database software versions that are at all times fully compatible with current versions of the Operating System and Application to ensure that security vulnerabilities are not introduced.

c. Comptroller Audit Requirements

Upon reasonable notice and at any reasonable time, the Contractor and Subcontractor(s) agree to allow the State, the Comptroller of the Treasury, or their duly appointed representatives to perform information technology control audits of the Contractor and all Subcontractors used by the Contractor. Contractor will maintain and cause its Subcontractors to maintain a complete audit trail of all transactions and activities in connection with this Contract. Contractor will provide to the State, the Comptroller of the Treasury, or their duly appointed representatives access to Contractor and Subcontractor(s) personnel for the purpose of performing the information technology control audit.

The information technology control audit may include a review of general controls and application controls. General controls are the policies and procedures that apply to all or a large segment of the Contractor's or Subcontractor's information systems and applications and include controls over security management, access controls, configuration management, segregation of duties, and contingency planning. Application controls are directly related to the application and help ensure that transactions are complete, accurate, valid, confidential, and available. The audit shall include the Contractor's and Subcontractor's compliance with the State's Enterprise Information Security Policies and all applicable requirements, laws, regulations or policies.

The audit may include interviews with technical and management personnel, physical inspection of controls, and review of paper or electronic documentation.

For any audit issues identified, the Contractor and Subcontractor(s) shall provide a corrective action plan to the State within 30 days from the Contractor or Subcontractor receiving the audit report.

Each party shall bear its own expenses incurred while conducting the information technology controls audit.

- d. **Business Continuity Requirements.** The Contractor shall maintain set(s) of documents, instructions, and procedures which enable the Contractor to respond to accidents, disasters, emergencies, or threats without any stoppage or hindrance in its key operations ("Business Continuity Requirements"). Business Continuity Requirements shall include:

- (1) "Disaster Recovery Capabilities" refer to the actions the Contractor takes to meet the Recovery Point and Recovery Time Objectives defined below. Disaster Recovery Capabilities shall meet the following objectives:

- i. **Recovery Point Objective ("RPO").** The RPO is defined as the maximum targeted period in which data might be lost from an IT service due to a major incident: one hour
- ii. **Recovery Time Objective ("RTO").** The RTO is defined as the targeted duration of time and a service level within which a business process must be restored after a disaster (or disruption) in order to avoid unacceptable consequences associated with a break in business continuity: four hours

- (2) The Contractor and the Subcontractor(s) shall perform at least one Disaster Recovery Test every three hundred sixty-five (365) days. A "Disaster Recovery Test" shall mean the process of verifying the success of the restoration procedures that are executed after a critical IT failure or disruption occurs. The Disaster Recovery Test shall use actual State Data Sets that mirror production data, and success shall be defined as the Contractor verifying that the Contractor can meet the State's RPO and RTO requirements. A "Data Set" is defined as a collection of related sets of information that is composed of separate elements but can be manipulated as a unit by a computer. The Contractor shall provide written confirmation to the State after each Disaster Recovery Test that its Disaster Recovery Capabilities meet the RPO and RTO requirements.

- E.3. **Contractor Commitment to Diversity.** The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's Response to RFP # 30901-56624 (Attachment 6.2, Section B.15) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a monthly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, service-disabled veterans, and persons with disabilities. Such reports shall be provided to the State of Tennessee Governor's Office of Diversity Business Enterprise in the TN Diversity Software available online at:
<https://tn.diversitysoftware.com/FrontEnd/StartCertification.asp?TN=tn&XID=9810>.

- E.4. **Partial Takeover of Contract.** The State may, at its convenience and without cause, exercise a partial takeover of any service that the Contractor is obligated to perform under this Contract, including any service which is the subject of a subcontract between Contractor and a third party

(a "Partial Takeover"). A Partial Takeover of this Contract by the State shall not be deemed a breach of contract. The Contractor shall be given at least thirty (30) days prior written notice of a Partial Takeover. The notice shall specify the areas of service the State will assume and the date the State will be assuming. The State's exercise of a Partial Takeover shall not alter the Contractor's other duties and responsibilities under this Contract. The State reserves the right to withhold from the Contractor any amounts the Contractor would have been paid but for the State's exercise of a Partial Takeover. The amounts shall be withheld effective as of the date the State exercises its right to a Partial Takeover. The State's exercise of its right to a Partial Takeover of this Contract shall not entitle the Contractor to any actual, general, special, incidental, consequential, or any other damages irrespective of any description or amount.

- E.5. Personally Identifiable Information. While performing its obligations under this Contract, Contractor may have access to Personally Identifiable Information held by the State ("PII"). For the purposes of this Contract, "PII" includes "Nonpublic Personal Information" as that term is defined in Title V of the Gramm-Leach-Bliley Act of 1999 or any successor federal statute, and the rules and regulations thereunder, all as may be amended or supplemented from time to time ("GLBA") and personally identifiable information and other data protected under any other applicable laws, rule or regulation of any jurisdiction relating to disclosure or use of personal information ("Privacy Laws"). Contractor agrees it shall not do or omit to do anything which would cause the State to be in breach of any Privacy Laws. Contractor shall, and shall cause its employees, agents and representatives to: (i) keep PII confidential and may use and disclose PII only as necessary to carry out those specific aspects of the purpose for which the PII was disclosed to Contractor and in accordance with this Contract, GLBA and Privacy Laws; and (ii) implement and maintain appropriate technical and organizational measures regarding information security to: (A) ensure the security and confidentiality of PII; (B) protect against any threats or hazards to the security or integrity of PII; and (C) prevent unauthorized access to or use of PII. Contractor shall immediately notify State: (1) of any disclosure or use of any PII by Contractor or any of its employees, agents and representatives in breach of this Contract; and (2) of any disclosure of any PII to Contractor or its employees, agents and representatives where the purpose of such disclosure is not known to Contractor or its employees, agents and representatives. The State reserves the right to review Contractor's policies and procedures used to maintain the security and confidentiality of PII and Contractor shall, and cause its employees, agents and representatives to, comply with all reasonable requests or directions from the State to enable the State to verify or ensure that Contractor is in full compliance with its obligations under this Contract in relation to PII. Upon termination or expiration of the Contract or at the State's direction at any time in its sole discretion, whichever is earlier, Contractor shall immediately return to the State any and all PII which it has received under this Contract and shall destroy all records of such PII, except that the Contractor may retain an electronic copy in accordance with its records retention policy.

The Contractor shall report to the State any instances of unauthorized access to or potential disclosure of PII in the custody or control of Contractor ("Unauthorized Disclosure") that come to the Contractor's attention. Any such report shall be made by the Contractor within twenty-four (24) hours after the Unauthorized Disclosure has come to the attention of the Contractor. Contractor shall take all necessary measures to halt any further Unauthorized Disclosures. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals whose PII was affected by the Unauthorized Disclosure. The Contractor shall bear the cost of notification to all individuals affected by the Unauthorized Disclosure, including individual letters and public notice. The remedies set forth in this Section are not exclusive and are in addition to any claims or remedies available to this State under this Contract or otherwise available at law. The obligations set forth in this Section shall survive the termination of this Contract.

IN WITNESS WHEREOF,

[CONTRACTOR LEGAL ENTITY NAME]:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF TREASURY:

DAVID H. LILLARD, JR., STATE TREASURER

DATE

CONTRACT ATTACHMENT 1

Pursuant to Section A.21 of the Contract between the State of Tennessee, Treasury Department, hereinafter referred to as the "State", and [CONTRACTOR LEGAL ENTITY NAME], hereinafter referred to as the "Contractor", each party has outlined below the individuals from whom the other party is authorized to accept any notices, requests, demands, or other advice which may be given under the Contract. This Contract Attachment 1 shall be valid until revoked or amended by further written notice. The parties shall only be entitled to rely on notices, requests, demands, or other advice given by such individuals.

AUTHORIZED INDIVIDUALS OF THE STATE

<u>Authorized Individual</u>	<u>Position</u>
Rick DuBray	Deputy Treasurer
Michael Brakebill	Chief Investment Officer
Thomas Kim	Deputy Chief Investment Officer
Kevin Gentry	Director of Investment Operations
Brian Derrick	Director of Accounting
Connie Gibson	Deputy Director of Accounting

The individuals listed above, auditors employed by the State of Tennessee, and the individuals designated on Schedule 1 of the State Depository Contract between the Treasurer of the State of Tennessee and the Contractor are authorized to make inquiries concerning the Contract. Inquiries include requests for Account balances, inquiries concerning Account transactions, and requests for information concerning statements and confirmations. Such requests may be written or verbal.

 Date Effective

 David H. Lillard, Jr., State Treasurer
AUTHORIZED INDIVIDUALS OF CONTRACTOR

<u>Authorized Individual</u>	<u>Position</u>
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 Date Effective

CONTRACT ATTACHMENT 2**TREASURY DEPARTMENT'S GIFTS AND SOLICITATIONS POLICY**

No employee or any member of a Board, Commission or Committee administratively attached to the Department shall solicit, accept or agree to accept, directly or indirectly, on behalf themselves or their immediate family, any gift in violation of state law including, but not limited to, any gratuity, service, favor, entertainment, lodging, transportation, loan, loan guarantee rebate, money, any promise, obligation or contract for future awards or compensation or any other thing of monetary value, from any **individual** or **entity** that:

- Has, or is seeking to obtain, contractual or other business or financial relations with the Treasury Department or the Tennessee Consolidated Retirement System;
- Conducts operations or activities that are regulated by the Treasury Department;
- May bid on future procurement from the Department or a Board, Commission, or Committee administratively attached to the Department based on the employee's reasonable belief that the person or entity intends to submit a bid; or
- Has an interest that may be substantially affected by the performance or nonperformance of the employee's official duties.

Generally, gifts from a lobbyist or an employer of a lobbyist are prohibited; however, the following are exceptions to the general gift prohibition:

- A gift given for nonbusiness purpose and motivated by a close personal friendship and not by the position of the employee, and specifically authorized and defined by the Ethics Commission;
- Informational materials in the form of books, articles, periodicals, other written materials, audiotapes, videotapes, or other forms of communication;
- Sample merchandise, promotional items, and appreciation tokens if they are routinely given to customers, suppliers or potential customers or suppliers in the ordinary course of business;
- Unsolicited tokens or awards of appreciation, honorary degrees, or bona fide awards in recognition of public service in the form of a plaque, trophy, desk item, wall memento, and similar items, provided that any such item shall not be in a form which can readily be converted to cash;
- Benefits resulting from business, employment, or other outside activities of the employee or the employee's immediate family, if such benefits are customarily provided to others in similar circumstances and are not enhanced due to the status of the employee;
- Opportunities and benefits made available to all members of an appropriate class of the general public, including but not limited to, discounts afforded to the general public or prizes and awards given out in public contests;
- Expenses of out-of-state travel, if such expenses are paid for or reimbursed by a governmental entity or an established and recognized organization of elected or appointed state government officials;
- Food, refreshments, amenities, goody bags, entertainment, or beverages provided as part of a meal, reception or similar event including tradeshow and professional meetings; and
- Food, refreshments, meals, foodstuffs, entertainment, beverages that are provided in connection with the following: an event where the employee is a speaker or part of a panel

discussion at a scheduled meeting of an established or recognized membership organization which regularly meets at in-state events in which invitations are extended to legislative or executive branch employees. The value of the items shall not exceed fifty dollars (\$50.00) per person, per day.*

- * The amount may be increased to reflect the percentage of change in the average consumer price index. The Ethics Commission publishes the increased amount on its website. For other gifts offered which are not included in the exceptions above, the employee must obtain the written approval of the Assistant Treasurer for Legal, Compliance and Audit.

CONTRACT ATTACHMENT 3**ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE**

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
EDISON VENDOR IDENTIFICATION NUMBER:	

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. Attach evidence documenting the individual's authority to contractually bind the Contractor, unless the signatory is the Contractor's chief executive or president.

PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION

RFP ATTACHMENT 6.6 – RFP ATTACHMENT 6.13

The RFP Attachments 6.6 – 6.13 listed below can be obtained by contacting the Procurement Coordinator Dawn Rochelle by email at Dawn.Rochelle@tn.gov

- 6.6. Schedule of Wire Transfer Activity**
- 6.7. Schedule of In-Clearing Cash Letter Activity**
- 6.8. Schedule of ACH Activity**
- 6.9. Schedule of ICL Deposit and Return Activity**
- 6.10. Schedule of Custody and Trading Activity**
- 6.11. Schedule of Special Investment Balance Variability**
- 6.12. Example Operating Procedures**
- 6.13. Schedule of ATM Volumes**